

DEPARTMENT OF INSURANCE**Legal Division, Office of the Commissioner**45 Fremont Street, 23rd Floor
San Francisco, CA 94105
www.insurance.ca.gov**NOTICE****To: To All Licensees Selling Homeowners' Insurance in California****Date: June 7, 2013**

The Insurance Commissioner issued regulations, effective June 27, 2011, addressing home replacement cost estimates for homeowners insurance ("Regulations"). The Regulations are codified at Title 10 of the California Code of Regulations at Sections 2695.180 ("Definitions"), 2695.181 ("Standards for Real Estate Appraisers"), 2695.182 ("Documentation of Person Making Estimate"), and 2695.183 ("Standards for Estimates of Replacement Value").

The Association of California Insurance Companies and Personal Insurance Federation of California ("Trade Associations") filed a lawsuit contending that Section 2695.183 is invalid. On May 7, 2013, the Superior Court in Los Angeles entered a judgment in favor of the Trade Associations and held that Section 2695.183 is invalid. The Trade Associations did not challenge, and the court did not invalidate, any other section of the Regulations. On May 9, 2013, the Insurance Commissioner filed a notice of appeal of the judgment.

The California Attorney General's Office represents the Insurance Commissioner in this matter. Based on advice of legal counsel, the Insurance Commissioner has concluded that the filing of the notice of appeal automatically stays the Superior Court judgment and that Section 2695.183, as well as all other sections of the Regulations, remain in effect during the appeal.

All licensees selling homeowners' insurance in California are expected to comply with all sections of the Regulations, including Section 2695.183, during the appeal. The Commissioner will provide additional notices in the event there is a change in the legal status of the Regulations.

A handwritten signature in black ink, appearing to read "A.M. Cole".

Adam M. Cole
General Counsel