



SENATE FLOOR ALERT

SB 897 (McGuire) – Oppose Unless Amended

The above listed associations (The “Trades”) must respectfully maintain our position of Oppose Unless Amended to Senate Bill 897 by Senator Mike McGuire. As currently drafted, Senate Bill 897 will require insurers to provide coverage that the customer did not purchase. This will significantly increase costs that could then result in true affordability and availability problems.

Specifically, the provision of SB 897 that requires a blanket 80% contents coverage advance without an inventory list is extremely problematic. Different insurers offer very different coverage limits, and price accordingly. Insurers price for these policies based on previous loss experiences, which show that not all homeowners will exhaust the coverage, even in a total loss.

Insurers are sensitive to homeowners wanting some advance payment early on in the process without needing to provide an inventory list so soon after losing their homes. However, it is critical that we do not change how insurance works today in a way that will increase costs and decrease choice for all Californians.

It has been over three weeks since SB 897 passed the Senate Insurance Committee with a promise to continue working on a possible resolution that will address the above concerns. Unfortunately, there have been no amendments proposed thus far. The Trades have developed the below concepts, relating to the inventory provision, for consideration:

Create a “sliding scale” for no-inventory advances, using 50% of 50% policy as a base: the lower the contents limit offered under the policy, the higher the percentage to be paid without an inventory list. Scheduled assets and unfurnished homes shall be excluded, and exemptions provided pursuant to the normal claims process and contract coverages.

The recent wildfires have understandably created great concern and consternation for homeowners who tragically lost their homes. We appreciate and understand interest in expediting the claims process for homeowners who become victims of such awful tragedies as we saw with the 2017 fires. The Trades are hopeful there can be agreement on the concepts offered above, which provide advance payments to wildfire victims in a way that does not risk the health of the insurance market. Until then, we remain respectfully opposed and **urge your NO vote on SB 897, as amended May 1, 2018.**