



PIFC

September 6, 2018

The Honorable Edmund "Jerry" G. Brown, Jr.  
Governor of the State of California  
State Capitol Building, First Floor  
Sacramento, CA 95814

STATE FARM

Attn: Camille Wagner, Deputy Secretary of Legislative Affairs

LIBERTYMUTUAL  
INSURANCE

**SB 894 (Dodd) - Concerns**

PROGRESSIVE

Dear Governor Brown:

ALLSTATE

The Personal Insurance Federation of California, represents six of the nation's largest insurance companies (State Farm, Liberty Mutual Insurance, Progressive, Allstate, Mercury and Nationwide) who collectively write a majority of homeowners insurance in California. We respectfully write to express our concerns with SB 894 by Senator Dodd.

MERCURY

NATIONWIDE

NAMIC

In the event that a homeowner loses his or her home to a tragic event, most homeowners policies provide additional living expenses (ALE) coverage; this is an important benefit that helps homeowners get back on their feet by providing funds for housing, furnishings, and other living expenses while they rebuild their homes and lives. SB 894 would jeopardize the ability of homeowners to have more choice in their ALE policies.

Two types of ALE coverage is usually available in the homeowners market: those with dollar limits, and those that do not have monetary policy limits. In SB 894, we have agreed to extend the period of time for which dollar limit ALE benefits are provided, from 24 months to 36 months, in the event of a declared state of emergency. This makes sense for policies with dollar limits, as insurers can price accordingly. However, SB 894 also applies to ALE policies that do not have dollar limits. Many companies offer this more generous coverage to accommodate homeowners who want more flexible ALE coverage in order to meet their individual standards of living. Under SB 894, many insurers may no longer offer this option as they cannot collect premium for it.

Homeowners are most fearful and despondent when they initially lose their home and are faced with the overwhelming task of finding a new place to live. SB 894 will limit the choice of ALE options available to homeowners to best meet their living needs, in the event they lose their home.

**For the above reasons, we continue to have concerns with SB 894.**

Sincerely,

Handwritten signature of Rex Frazier in black ink, written in a cursive style.

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Rex Frazier  
PIFC President

Handwritten signature of Kara Cross in black ink, written in a cursive style.

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Kara Cross  
PIFC General Counsel

cc: Honorable Bill Dodd, Member, California State Senate  
Robert Herrell, Legislative Director, California Department of Insurance