



ASSEMBLY FLOOR ALERT

SB 894 (Dodd) – Oppose Unless Amended

August 6, 2018

To: Honorable Members, California State Assembly
Re: SB 894 (Dodd)

STATE FARM
LIBERTYMUTUAL
INSURANCE
PROGRESSIVE
ALLSTATE
MERCURY
NATIONWIDE
NAMIC

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 maintain our position of **Oppose Unless Amended** to SB 894 by Senator Dodd as amended July 5, 2018, unless it is amended to address our concerns discussed below.

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. The industry has already agreed in a state of emergency to extend ALE coverage to 36 months for ALE policies with dollar limits. Further, at the urging of the Assembly Insurance Committee, PIFC has since offered Senator Dodd compromise language that would extend the time period for policies with no dollar limits to 30 months (though we still believe this would impact choice for homeowners).

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 are opposed to SB 894 unless it is amended to address our concerns.