

DEPARTMENT OF INSURANCE

ADMINISTRATION & LICENSING SERVICES BRANCH
PRODUCER LICENSING BUREAU
320 CAPITOL MALL
SACRAMENTO, CA 95814
(800) 967-9331 OR (916) 322-3555
www.insurance.ca.gov

**NOTICE**

TO: Admitted Insurers, Property and Casualty Broker-Agents, Personal Lines Broker-Agents and Other Interested Parties

DATE: February 4, 2011

SUBJECT: New Homeowners' Insurance Valuation Training Requirement

Background

On December 29, 2010 the California Office of Administrative Law (OAL) approved regulations specific to the standards and training for estimating the replacement value on homeowners' insurance. The regulations were promulgated for the purpose of fully implementing SB 2 (Statutes of 2005). SB 2 added Section 1749.85 to the California Insurance Code (CIC), which is specific to requirements for the proper methods of estimating the replacement value of structures and of explaining various levels of coverage under a homeowners' insurance policy.

The regulations provide for the following: (1) sets out requirements applicable to replacement value and replacement cost estimates to create a more consistent, comprehensive and accurate replacement cost calculation; (2) sets forth training standards for California resident broker-agents who sell homeowner's insurance, which shall be part of and not in addition to their continuing education requirements; (3) sets forth standards for real estate appraisers who estimate replacement cost for insurance purposes; (4) requires the application of certain standards when estimating replacement cost and construction costs; and (5) establishes record keeping requirements.

To meet the training requirements contained in Section 1749.85 of the CIC, shortly after the passage of SB 2, the Insurance Commissioner's appointed Curriculum Board developed a course outline which specifies the subjects to be covered in a three-hour homeowners' insurance valuation course. In turn, several education providers developed such courses that were approved by the California Department of Insurance (CDI) and have been available for agents and brokers to complete as part of their continuing education requirements.

New Training Requirement

On or after June 27, 2011, prior to estimating the replacement value of structures or explaining the various levels of coverage under a homeowners' insurance policy, California resident agents and brokers who have not previously completed the homeowners' insurance valuation training, must do so. Completion of this course will fully meet the training requirements. The training requirement is part of, and not in addition to, the agents and brokers' continuing education requirements.

To locate a CDI-approved homeowner's insurance valuation training course, access CDI's website at <http://interactive.web.insurance.ca.gov/providercourselookup/index.jsp> Select "Fire and Casualty Broker-Agent" or "Personal Lines Broker-Agent" as the License Type, select "Continuing Education" as the Education Type, and select "Homeowners Insurance Valuation Course" as the Category Type.

As previously explained, if you have completed the homeowners' insurance valuation training, you do not need to take it again. However, since the regulations do contain some requirements that may not have been addressed in the course you completed, we encourage all agents and brokers to review the homeowners' insurance valuation regulations that are provided on the following link:
<http://www20.insurance.ca.gov/epubacc/REG/151771.htm>

Questions

For inquiries regarding the homeowners' insurance valuation training, please e-mail CDI's Producer Licensing Bureau at <https://interactive.web.insurance.ca.gov/pli/servlet/InformationRequest> or call CDI's Producer Licensing Hotline at (800) 967-9331. Please be sure to include your name, telephone number, license number and e-mail address in all correspondence with CDI.