

## California Department of Insurance: Standards and Training for Estimating Replacement Value on Homeowners' Insurance

With April's scheduled enhancements, 360Value will be compliant with the requirements and standards set forth subdivision (a) in section 2695.182 – Documentation of Person Making Estimate, and subdivisions (a) through (e), (i) and (k) of section 2695.183 - Standards for Estimates of Replacement Value.

The information below is based on a careful interpretation of the California regulation, including California's interpretation of the homeowner's contract and assistance from ISO's Government Affairs division, who was consulted during the drafting of this regulation.

The regulation indicates the "'Homeowners' insurance policy' shall have the same meaning as 'policy of residential property insurance' as defined in subdivision (a) of Insurance Code section 10104." This applies to 360Value valuations created in the 1 to 4 Family module and does not apply to Manufactured/Mobile (mobile home valuations) or condominiums.

Subdivision (a) of Insurance Code section 10104 states "'policy of residential property insurance' shall have the same meaning as defined in Section 10087, except that it shall not include a tenant's policy, a policy covering individually owned mobile homes and their contents, a renter's policy, or a policy insuring individually owned condominium units, when those policies do not provide dwelling structure coverage."

*NOTE: Gray rows indicate items for which 360Value is already in compliance.*

### Section 2695.182 – Documentation of Person Making Estimate

Item	Description	Available Settings
(a) In the event an estimate of replacement cost is provided or communicated by a licensee to an applicant or insured in connection with an application for or renewal of a homeowners' insurance policy that provides coverage on a replacement cost basis, the licensee shall document and maintain in the applicant's or insured's file the following information:		
2. The name, job title, address, telephone number, and license number, if applicable, of the person preparing the estimate of replacement value;	No enhancement needed. The insurance carrier is required to maintain these records. 360Value includes the User ID, First Name, and Last Name as provided by the carrier on each valuation report.	General 360Value Feature

### Section 2695.183 – Standards for Estimates of Replacement Values

Item	Description	Available Settings
(a) The estimate of replacement cost shall include the expenses that would reasonably be incurred to rebuild the insured structure(s) in its entirety, including at least the following:		
1. Cost of labor, building materials and supplies	No enhancement needed. Cost of labor, building materials and supplies are included in the Cost Breakdown components listed on reports.	Company Preference (General 360Value Feature for California Addresses)
2. Overhead and profit	Enhancement scheduled for April. Cost of overhead and profit is included in 360Value replacement cost calculations by default, but is not listed separately in the Cost Breakdown section of reports. With the April update, 360Value will display Overhead and Profit as a separate Cost Breakdown line item on reports when a California address is entered.	Company Preference (General 360Value Feature for California Addresses)

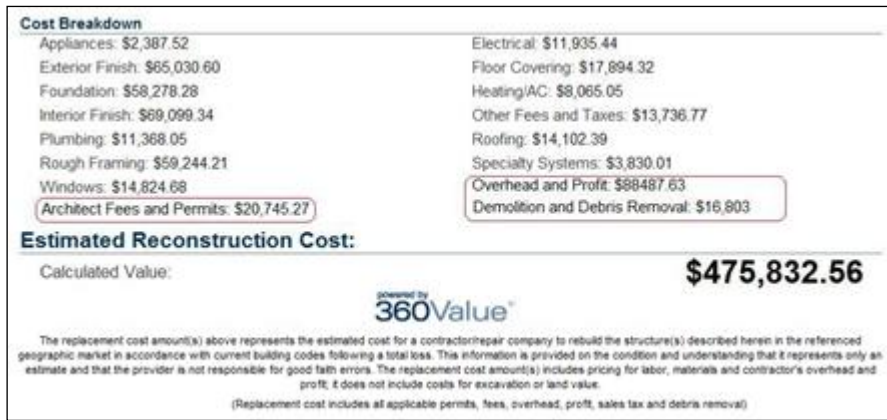
Item	Description	Available Settings
<p>3. Cost of demolition and debris removal</p> <p><i>IMPORTANT NOTE: 360Value Demolition and Debris Removal costs included in California calculations should not be confused with the additional 5% debris removal provision found in standard ISO contract language. This provision, found under the Additional Coverages section of the policy, is considered by the State as a contingency amount designed to protect the homeowner when demolition &amp; debris removal costs included in replacement cost calculations are insufficient. 360Value offers a configurable client option (Company Preference) to add an additional 5% for debris removal costs as defined by standard contract language.</i></p>	<p>Enhancement scheduled for April.</p> <p>Based on California regulation, California’s interpretation of the homeowner’s contract, and assistance from ISO’s Government Affairs division:</p> <p>For valuations entered with a state value of CA – California, 360Value replacement cost calculations by default will include the cost to demolish and remove the remnants of the existing structure. These costs will be listed in the Cost Breakdown section of the report as ‘Demolition and Debris Removal’ (<a href="#">See Figure 1 on page 5</a>).</p> <p>The added Demolition and Debris Removal costs will be component based and will vary based on home characteristics, such as foundation type, construction type, exterior finish, etc. These costs will represent a slight increase on existing valuations when recalculated.</p> <p>By default, these costs are <i>not</i> included in 360Value for addresses outside of California, but are a configurable client option (Company Preference).</p>	<p>Company Preference</p> <p>(General 360Value Feature for California Addresses)</p>
<p>4. Cost of permits and architect fees</p>	<p>Enhancement scheduled for April.</p> <p>By default, the cost of permits and architect fees will display as one separate line item in the report Cost Breakdown when a California address is entered.</p> <p>Architect fees and permits may be displayed separately, by company preference.</p>	<p>Company Preference</p> <p>(General 360Value Feature for California Addresses)</p>
<p>5. Consideration of components and features of the insured structure, including at least the following:</p>	<p>See details below.</p>	<p>See details below.</p>
<p>(A) Type of foundation</p>	<p>No enhancement needed.</p> <p>The type of foundation is entered and shown on reports as ‘Foundation Type’.</p>	<p>General 360Value Feature</p>
<p>(B) Type of frame</p>	<p>No enhancement needed.</p> <p>The type of frame is entered and shown on reports as ‘Exterior Wall Construction’.</p>	<p>General 360Value Feature</p>
<p>(C) Roofing material &amp; type of roof</p>	<p>No enhancement needed.</p> <p>The type of roof is entered and shown on reports as ‘Roof Shape’.</p> <p>Roofing material is entered and shown on reports as ‘Roof Cover’.</p>	<p>General 360Value Feature</p>
<p>(D) Siding materials and type of siding</p>	<p>No enhancement needed.</p> <p>Siding materials and type of siding is entered and shows on reports as ‘Exterior Wall Finish’.</p>	<p>General 360Value Feature</p>

# 360Value®

Item	Description	Available Settings
(E) Whether the structure is located on a slope	No enhancement needed. The slope of the property is entered and shown on reports as 'Property Slope'	General 360Value Feature
(F) The square footage of the living space	No enhancement needed. The square footage of the living space is entered and shown on reports as 'Total Finished Sq. Ft.'	General 360Value Feature
(G) Geographic location of the property	No enhancement needed. 360Value uses pricing from 467 economic areas in North America.	General 360Value Feature
(H) Number of stories and any nonstandard wall heights	No enhancement needed. Number of stories is entered and shown on reports as 'Number of Stories'. Nonstandard wall heights are entered and shown on reports as 'Average Wall Height'.	General 360Value Feature
(I) Materials used in, and generic types of, heating and air conditioning system, walls, flooring, ceiling, fireplaces, kitchen, and bath(s)	Enhancement scheduled for April. Additional Kitchen and Bathroom features will display on the Residential Summary Report. ( <a href="#">See Figure 2 on page 5</a> ) Other items listed currently display on reports and no enhancement is needed.	General 360Value Feature
(J) Age of the structure or the year it was built	No enhancement needed. Age of the structure is entered and displayed on reports as 'Year Built'.	General 360Value Feature
(K) Size and type of attached garage	No enhancement needed. Sizes and types of attached garages are entered and shown on reports as 'Garages/Carports'.	General 360Value Feature
(b) The estimate of replacement cost shall be based on an estimate of the cost to rebuild or replace the structure taking into account the cost to reconstruct the single property being evaluated, as compared to the cost to build multiple, or tract, dwellings.	No enhancement needed. 360Value only provides an Estimated Replacement Cost to rebuild a single property. (Detached Structures are available and are calculated separately from the Estimated Replacement Cost.)	General 360Value Feature
(c) The estimate of replacement cost shall not be based upon the resale value of the land, or upon the amount or outstanding balance of any loan.	No enhancement needed. 360Value uses reconstruction pricing and is not influenced by land values or loan balances.	General 360Value Feature
(d) The estimate of replacement cost shall not include a deduction for physical depreciation.	No enhancement needed. 360Value does not include depreciation in the Estimated Replacement Cost.	General 360Value Feature

Item	Description	Available Settings
(e) The licensee shall no less frequently than annually take reasonable steps to verify that the sources and methods used to generate the estimate of replacement cost are kept current to reflect changes in the costs of reconstruction and rebuilding, including changes in labor, building materials, and supplies, based upon the geographic location of the insured structure.	No enhancement needed. See the <a href="#">Pricing and Validation Procedures</a> white paper for more information.	General 360Value Feature
(i) Licensees shall maintain (1) a record of the information supplied by the applicant or insured that is used by the licensee to generate the estimate of replacement cost, and (2) a copy of any estimate of replacement cost supplied to the applicant or insured.	See details below.	See details below
If a policy is issued, these records and copies shall be maintained for the entire term of the insurance policy or the duration of coverage, whichever terminates later in time, and for five years thereafter.	No enhancement needed.  The insurance carrier is required to maintain these records. 360Value reports can be requested via a web service call in XML, HTML and PDF format; as well as emailed, printed or downloaded inside the 360Value User Interface.	General 360Value Feature
(k) When an insurer identifies one or more specific sources or tools that a broker-agent must use to create an estimate of replacement cost,	See details below.	See details below.
2. The insurer shall provide the broker-agent with the training and written training materials necessary to properly utilize the sources or tools according to the insurer's prescribed procedures	No enhancement needed.  360Value offers a printable Getting Started Guide, an Online Tutorial, several White Papers and a robust Real Time Training system.	General 360Value Feature

**Figure 1 - Cost Breakdown on Reports displays Architect Fees, Permits, Overhead and Profit, and Demolition and Debris Removal**



**Figure 2 - Key Rooms on Reports displays additional room details for Kitchens and Bathrooms**

