Home Replacement Cost Estimates in California

In California, **residential property insurers must provide an updated replacement cost estimate at least every other year** — that is, on a **biennial basis** — when they make an offer to renew a homeowners' policy FindLaw**+1**.

Key details from California Insurance Code § 10103.4

- **When it applies:** Insurers offering replacement cost coverage (as defined in § 10102) must, on an **every other year basis**, at the time of renewal, provide an estimate of the cost to rebuild or replace the insured structure that meets specific regulatory standards (Cal. Code Regs. tit. 10, § 2695.180–2695.183) FindLaw.
- **Exceptions:** Insurers are not required to do this if:
    1. The policyholder requested and the insurer provided coverage limits greater than the previous limits within the two years before renewal, **or**
    2. The insurer, in its annual renewal offer, both:
        - Offers the policyholder the right to have a new replacement cost estimate (on an every other year basis) if they provide the necessary information, **and**
        - Sets the dwelling coverage limit in the renewal based on an inflation factor reflecting the cost of construction in the policyholder's geographic area FindLaw**+1**.
- **Purpose:** The law ensures that homeowners' policies keep pace with actual rebuilding costs, preventing insurers from arbitrarily reducing coverage limits without justification.

Practical effect
Insurance agents and brokers need to know that if an updated or revised estimate is communicated in connection with a renewal, the insured must receive a copy of that revised estimate.