



# PCAP NEWSLETTER

May 2005

[www.propertyclaimsassociation.org](http://www.propertyclaimsassociation.org)

Issue 2, Volume 1

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## President's Message

As I was sitting down to pen the President's Message for this issue, I asked myself, "what would I want to read if I was receiving this publication?" My response (yes, at times I do answer my own questions) was that I would want to know about anything that might be on the horizon that may affect the insurance industry as a whole, and property even more specifically. Hence, this month I write about one such matters.

Earlier this month the California Insurance Commissioner, John Garamendi, announced his proposal to institute new regulations requiring insurers to clearly expose to consumers the conditions under which a

policy may be non-renewed. Calling insurers "dead wrong" for canceling or non-renewing homeowners who file a legitimate insurance claim the Commissioner said that the new regulations were needed to protect homeowners from unfair "use it and lose it" practices. The proposed regulations require:

- That insurers provide details on any information from a CLUE or A-Plus database report that has been used to reject an application for insurance.
- That insurers inform potential policyholders of any and all excluded coverages.

*(Continued on page 2)*

## PCAP Hosts Building Code Forum

At our last meeting on March 22, Terrence Paret and Brian Kehoe of Wiss, Janney, Elstner Associates, Inc. made presentations about various building code issues that are likely to significantly impact the way in which insurance industry responds to claims involving property damage. Mr. Paret's presentation focused on specific provisions of the building codes themselves, comparing the limited code language that governs the repair of damaged structures in the current California Building Code (CBC) with various municipal building codes; building codes being adopted by states other than California; and future codes currently under development that are likely to be adopted by California in the future. Currently in California, the 2001 CBC --- based on the 1997 Uni-

form Building Code (UBC) --- is in force. For typical commercial buildings, the 2001 CBC generally allows for damage to be repaired without triggering upgrading of the building provided that the repairs do not cause the building to become unsafe and provided that the repairs themselves conform to the code. Though the appendices to the 1997 UBC and 2001 CBC do contain a trigger that is based upon loss of strength, these appendices have not been adopted by most communities. Some communities like Los Angeles and Seattle have cost-based triggers for upgrading.

The 2003 International Building Code (IBC), published by the International Code Council (ICC) has been adopted

*(Continued on page 3)*

**“MARK YOUR CALENDAR  
FOR THE ANNUAL  
CCNC CONFERENCE  
ON SEPTEMBER 13 AND  
14, 2005 IN OAKLAND,  
CALIFORNIA”**

## CCNC Update

Remember to mark your calendar for the Claim Conference of Northern California. It's to be held September 13 and 14, 2005 at the Marriott in downtown Oakland, CA. Our plans for this years' program is in the process of completion and will provide over 8 hours of continuing education credit for adjusters, producers, and attorneys. This year the conference officers are; Stu Ryland, President; Mike Sowerine (of PCAP), Vice President; Barbara Prosch, Secretary; Taylee Rounds, Finance; and Jim Keoewn, Legal. Committee Chairs have been established for Facilities, Education, Promotion and Exhibitors. We expect to have over 75 vendors as exhibitors and include lunch for both days with an exciting program of topics and speakers. Look us up on the web at [www.claimsconference.org](http://www.claimsconference.org) and register to be a part of an interesting conference.

Bob Fox, Education Committee

## President's Message, *continued*

- That insurers provide notification of any changes to rating or underwriting guidelines - before such changes takes effect - that may have a negative impact on the policyholder should the policyholder make a claim.
- That insurers take reasonable steps to verify claims history database information used to rate policies.
- That insurers file with the Commissioner, on an annual basis, a report detailing the “who, what, and where” of occasions when insurers apply "use it and lose it" underwriting or deny eligibility where the potential insured has made a claim in the past.

The regulations are not yet law since they are subject to public review and comment prior to submission to the state's Office of Administrative Law for approval. If anyone is interested in becoming more informed concerning these regulations, I highly encourage you to review the Department of Insurance website at [www.insurance.ca.gov](http://www.insurance.ca.gov).

In an effort to provide you with relevant information or “messages,” please feel free to send me your opinions, questions or suggestions. [IYesowitch@longlevit.com](mailto:IYesowitch@longlevit.com)

## Treasurer Report—April 2005

For the first four months of 2005 ending in April we have the following financial results:

Revenues:

<u>Member Dues</u>	<u>\$1,710</u>
<u>Member Events</u>	<u>120</u>
<u>Total Revenue</u>	<u>\$1,830</u>

Expenses:

<u>Member Events</u>	<u>\$680</u>
<u>Insurance</u>	<u>\$420</u>
<u>Website</u>	<u>\$101</u>
<u>Other</u>	<u>\$45</u>
<u>Total Expenses</u>	<u>\$1,246</u>

<u>Net Income</u>	<u>\$584</u>
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We have a total of 53 active members and many other guests supporting the activities of the PCAP events. Member dues help underwrite the events we organize and a substantial discount off the entry fee is provided to members. Please join PCAP with your paid membership as you still have time to earn it back in discounted events for the remainder of the year.

We are working on our annual Giants baseball event now scheduled for Wednesday, August 3, 2005 and are looking for sponsors as in past years. We greatly appreciate the contributions of our sponsors so please contact me soon at 415-956-8323 to discuss the sponsor program.

## Hop on Board to a Street Car Named “Desire”

Join us on the historic streetcar named “Desire” for an exciting presentation by Maxine Anderson, of the San Francisco’s City Attorney’s office, and an exclusive private tour of the City.

Maxine will discuss her handling of Property Claims on behalf of the City.

*When:* May 19, 2005, Thursday

*Where:* Embarcadero & Mission St., adjacent to the Boulevard restaurant, San Francisco

*Time:* 12:00 noon to 2:00 pm

*Cost:* \$35 for members and \$40 for guests, inclusive of lunch program



*(Continued from page 1, Building Code Forum)*

by 49 states, and California has recently embarked upon a path toward adoption of that code. The 2003 IBC contains little if any language that regulates repairs since specific references to repairs were omitted from the prior IBC edition. Some states that have adopted the 2003 IBC have also adopted a companion code called the 2003 International Existing Buildings Code (IEBC). This document deals solely with existing buildings; sets forth a “Substantial Structural Damage” trigger (loss of capacity greater than 20%) for determining requirements for upgrading; and defines “Dangerous” buildings, structures, elements and conditions as subjects for remediation. Buildings found to have “Substantial Structural Damage” are required to be structurally upgraded, though the IEBC provides no standardized methods for quantifying how much capacity a structure has lost. Damaged buildings without “Substantial Structural

Damage” must still be thoroughly investigated to determine if they are “Dangerous”, with the code definitions of “Dangerous” appearing to have very broad applicability.

The draft version of the 2006 IEBC currently incorporates provisions that introduce great uncertainty about upcoming regulation of repairs. In addition to the re-use of the triggering language from the 2003 IEBC, the draft document includes language that allows a building owner to choose between compliance alternatives; permits --- at the discretion of the building official --- repair of a building to be made to the code under which the building was originally constructed; and references the IBC as one compliance alternative.

Mr. Kehoe’s presentation provided several examples of how the application of the IEBC provisions could significantly affect the structural repairs to a building compared to current repair requirements. One

example described repair of fire damage to the wood roof of an unreinforced masonry warehouse, which would currently be repaired by replacing the damaged elements. The other examples were a single family house with earthquake damage to the gypsum board and stucco walls and a steel-framed office building with weld fractures of the beam-to-column connections caused by an earthquake. These buildings could also be repaired using currently accepted procedures by replacing the damaged elements.

In each case, the amount of damage would have been sufficient for the IEBC to trigger an extensive seismic evaluation of the building and possibly a full seismic upgrade. The cost of the required seismic upgrades using the IEBC would be substantially more than would be required using the current requirements. For more information on the IEBC, contact Mr. Paret at [TParet@wje.com/](mailto:TParet@wje.com/).

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## Future Meetings

Stay tuned for further details on our August 3, 2005 Giants Baseball event, as well as other informative and exciting presentations.



CHRONICLE / BRANT WARD

PCAP is celebrating its 60th year in 2005, making it one of the oldest property claims associations in the San Francisco Bay Area.

Working to better serve its members and the insurance industry, PCAP's mission is to provide a forum for the frank discussion of issues related to property loss adjustment, and a social venue for fostering professional relationships.

If you would like to join PCAP, please go to our website at [www.propertyclaimsassociation.org](http://www.propertyclaimsassociation.org), or contact Mike Diliberto at [mdiliberto@us.rgl.com](mailto:mdiliberto@us.rgl.com). If you have questions about this or past PCAP newsletters, please contact René Gamboa at [rgamboa@rwblaw.com](mailto:rgamboa@rwblaw.com).

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