

THIRD READING

Bill No: AB 1795
Author: Gipson (D)
Amended: 8/28/26 in Senate
Vote: 21

SENATE INSURANCE COMMITTEE: 5-1, 6/24/26
AYES: Padilla, Becker, Menjivar, Richardson, Rubio
NOES: Niello
NO VOTE RECORDED: Jones

SENATE ENVIRONMENTAL QUALITY COMMITTEE: 5-0, 7/1/26
AYES: Blakespear, Valladares, Allen, Gonzalez, Menjivar
NO VOTE RECORDED: Dahle, Hurtado

SENATE APPROPRIATIONS COMMITTEE: 5-0, 8/13/26
AYES: Cervantes, Cabaldon, Grayson, Richardson, Wahab
NO VOTE RECORDED: Seyarto, Dahle

ASSEMBLY FLOOR: 56-7, 6/8/26 - See last page for vote

SUBJECT: Smoke Damage Recovery Act

SOURCE: Insurance Commissioner Ricardo Lara / California Department of Insurance

DIGEST: This bill 1) requires that the California Environmental Protection Agency (CalEPA) develop, by June 30, 2027, health-based standards and requirements for minimum sampling, testing, and chemical screening levels for residential properties that have sustained smoke damage from a wildland-urban interface (WUI) fire or urban conflagration; 2) establishes a framework for the application and implementation of these standards, including the development of training and certification requirements for insurance adjusters and those who sample, test, or restore residential properties; and 3) sets down affiliated

requirements for insurers, and responsibilities for the California Department of Insurance (CDI).

Senate Floor Amendments of 8/28/26

- 1) Task the California Office of Emergency Services (CalOES) in consultation with the California Environmental Protection Agency to coordinate with state and local agencies to evaluate the response and recovery operations related to the Lineage Logistics (Lineage) Fire, as specified, and assess if further laws and regulations may be needed to improve response and protect residents and businesses.
- 2) Require CalOES, by July 31, 2028, to submit a final report of its findings and recommendations to the Governor and Legislature, and to post this report on its website.
- 3) Task the California Department of Insurance (CDI) to coordinate with state agencies, and other stakeholders to evaluate the related sufficiency of insurance coverage and assess if further or amended laws and regulations may be needed to address any shortfalls, as specified.
- 4) Require CDI, by December 1, 2027, to submit a final report of its findings and recommendations to the Governor and Legislature, and to post this report on its website.
- 5) Create a rebuttable presumption that if wildfire smoke, ash, soot, char, or combustion byproducts are present in a surviving residential property in the wildfire impact zone after a wildfire, then smoke damage in the property is the result of that wildfire.
- 6) Specify restrictions on the termination of Additional Living Expenses coverage for smoke damage claims on residential properties within a wildfire impact zone, dependent on restoration of pre-loss condition or clearance for human occupancy.
- 7) Contain cross references to related guidelines and regulations for clearance for human occupancy, as well as contaminant testing, remediation, and restoration stated and developed pursuant to AB 1642 (Harabedian).
- 8) State that insurers will be responsible for covering the cost of sampling and testing necessary to restore a damaged property to its pre-loss condition and clear it for human occupancy.

- 9) Specify that for the portion of a smoke damage claim pertaining to the replacement of covered personal property that is deemed a total loss, the insurer must pay the undisputed amount of the actual cash value of the personal property within 30 days from the date the personal property is determined to be a total loss.
- 10) Specify that for the portion of a smoke damage claim pertaining to the replacement of covered personal property, the insurer must pay the undisputed amount of the replacement cost of the personal property within 30 days from the date the insurer was given a receipt for the replacement of that property.
- 11) Stipulate that if a residential property has been restored to pre-loss condition and cleared for human occupancy, a claim shall not be reopened due to recontamination. Instead, a new claim must be filed.
- 12) State that CDI shall implement and enforce a licensee's responsibility to restore a residential property to pre-loss condition and clear it for human occupancy.
- 13) Require CDI to develop training and certification programs for insurance adjusters and public insurance adjusters in inspecting, evaluating, sampling, or testing smoke damage caused by a wildfire involving residential properties. Subsequently, insurers, adjuster firms, or qualified managers must train and accredit their adjusters accordingly. Public insurance adjusters hired by insureds to adjust smoke damage claims must have the requisite license, training, and certification.
- 14) Require the Division of Occupational Safety and Health, by July 1, 2029, to propose to the Occupational Safety and Health Standards Board regulations to protect the health and safety of employees performing work on residential properties that have sustained smoke or fire damage because of a wildfire. These regulations must include requirements for the certification of such individuals and allow fees for certification to be deposited into a newly created Wildfire Remediation and Restoration Certification and Training Fund for use, upon appropriation by the Legislature, to cover the costs of administering and enforcing the related requirements and regulations.
- 15) Create affiliated definitions.
- 16) Make conforming changes.
- 17) Make and revise related findings and declarations.

18) Remove the urgency clause.

19) Make this bill's provisions operative only if AB 1642 (Harabedian) is enacted by January 1, 2027.

ANALYSIS:

Existing law:

- 1) Provides that a fire perimeter is determined by the Department of Forestry and Fire Protection (CAL FIRE) in consultation with the Office of Emergency Services (CalOES). Subsequently, CAL FIRE must provide the Insurance Commissioner (Commissioner) with data describing the fire perimeter so that the Commissioner may determine which ZIP Codes are within or adjacent to the fire perimeter. The Commissioner must then issue a bulletin to inform insurers which ZIP Codes are subject to a one-year moratorium.
- 2) Defines a "state of emergency" as the duly proclaimed existence of conditions of disaster or extreme peril to the safety of persons and property within the state, caused by conditions such as air pollution, fire, flood, storm, epidemic, riot, drought, cyberterrorism, sudden and severe energy shortage, electromagnetic pulse attack, plant or animal infestation or disease, among other conditions.
- 3) Regulates the licensing including exam, education, and background check requirements for insurance adjusters, who engage in investigation for the purpose of obtaining information while adjusting or participating in the disposal of any claim in connection with a policy of insurance.
- 4) Regulates the licensing including exam, education, and background check requirements of public insurance adjusters who act on behalf of an insured in negotiating for or effecting the settlement of a claim or claims for loss or damage under a policy of insurance.
- 5) Establishes the Hazardous Waste Control Law (HWCL) to authorize the Department of Toxic Substances Control (DTSC) to regulate the management of hazardous wastes in California.
- 6) Defines "hazardous waste" as waste, that, because of its quantity, concentration, or physical, chemical, or infectious characteristics:
 - a) Causes, or significantly contributes to, an increase in mortality or an increase in serious irreversible, or incapacitating reversible, illness.

- b) Poses a substantial present or potential hazard to human health or the environment, due to factors including, but not limited to, carcinogenicity, acute toxicity, chronic toxicity, bio accumulative properties, or persistence in the environment, when improperly treated, stored, transported, disposed of, or otherwise managed.
- 7) Requires DTSC, under the HWCL, to adopt, and revise when appropriate, standards and regulations for the management of hazardous waste to protect against hazards to public health, domestic livestock, wildlife, or the environment.

This bill:

- 1) Requires CalEPA, on or before June 30, 2027, to develop health-based standards and requirements for minimum sampling, testing, and chemical screening levels for residential properties that have sustained smoke damage as a result of a WUI fire or urban conflagration.
- 2) Stipulates that the standards and requirements mentioned above must include protocols, parameters, and thresholds for pre-remediation testing, post-remediation testing, and clearance of a residential property for habitation after remediation is completed.
- 3) Requires, in creating these standards, CalEPA to consult with agencies including DTSC, Office of Environmental Health Hazard Assessment (OEHHA), California Air Resources Board (CARB), California Department of Public Health (CDPH), air pollution control districts, and local public health departments, as necessary. Requires CalEPA to adopt regulations to implement or make the above provisions more specific.
- 4) States that CalEPA may create additional standards and requirements pertaining to a particular wildfire, including requirements for the identification of contaminants, supplementary minimum sampling and testing recommendations or requirements, or chemical screening levels for residential properties that have sustained smoke damage. Further states that these requirements, relating to a particular wildfire, shall be exempt from specified state laws that govern rulemaking.
- 5) Creates related definitions, including that "impact zone" means a ZIP Code that is either within the fire perimeter or adjacent to the fire perimeter, as specified, and downwind of the fire perimeter based on maps generated by the National Oceanic and Atmospheric Administration.

- 6) Requires CalEPA, by January 1, 2028, to consult with CDI, CDPH, the Department of Industrial Relations (DIR), Contractors State License Board (CSLB), State Water Resources Control Board (State Water Board), and any other state or local government agency, as may be necessary, to establish training and certification requirements for a person who inspects, evaluates, samples, tests, analyzes, remediates, or restores residential properties that have sustained smoke damage as a result of a WUI fire or urban conflagration, including industrial hygienists, restoration professionals, and laboratories.
- 7) Prohibits an insurer from terminating coverage for additional living expenses for a covered smoke damage claim submitted under a policy of residential property insurance, as a result of a WUI fire or urban conflagration until the property has been cleared for habitation pursuant to CalEPA's standards and requirements, subject to the applicable policy limit.
- 8) States that CalEPA's standards and requirements apply to all covered smoke damage claims within the impact zone submitted under policies of residential property insurance due to a WUI fire or urban conflagration.
- 9) Requires that, if a smoke damage insurance claim is settled on the basis of a written scope or estimate prepared by or for the insurer, the insurer must supply the claimant with a copy of each document upon which the settlement is based.
- 10) Stipulates that the estimate be for an amount that will restore the damaged property to at least its pre-loss condition and allow for restoration to meet or exceed CalEPA's standards and requirements, other relevant laws and regulations, and accepted trade and industry standards that do not conflict with CalEPA's standards and requirements.
- 11) Requires CDI, by January 1, 2028, to develop, implement, and enforce training and certification programs, as specified, for insurance adjusters and public insurance adjusters in inspecting, evaluating, sampling, or testing smoke damage caused by a WUI fire or urban conflagration involving residential properties.
- 12) Makes related findings and declarations.
- 13) Contains an urgency clause.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

According to the Senate Appropriations Committee:

CDI estimates a one-time cost of \$91,000 (Insurance Fund) in Fiscal Year (FY) 2026-27 to develop the training and certification program for adjusters and to address the expected increase in rate filing.

CalEPA estimates ongoing annual costs of \$6 million (General Fund) to promulgate regulations and to implement, administer, and enforce the requirements of this bill. CalEPA also anticipates substantial, yet undetermined, annual contracting costs.

The Office of Environmental Health Hazard Assessment (OEHHA) estimates total ongoing annual costs of \$1.024 million (Wildfire Remediation Certification and Training Fund and General Fund). This estimate includes \$624,000 to support 1.0 personnel year (PY) and \$400,000 in contract funding to maintain and update standards, as well as to identify and develop additional standards as new wildland-urban interface related fire hazards are identified.

The California Department of Public Health (CDPH) estimates ongoing annual costs of \$545,000 (General Fund) beginning in FY 2026-27 to consult with CalEPA and to resolve current laboratory and measurement issues, including the specific chemicals to be tested, regarding residential property wildfire remediation and restoration.

The Department of Industrial Relations (DIR) anticipates any costs associated with its required consultation activities will be minor and absorbable.

Unknown costs to other state agencies required to consult with CalEPA during the development of the testing standards. Based on feedback from OEHHA, CDPH, and DIR, these costs may range from absorbable to the high hundreds of thousands of dollars (General Fund and special fund).

Staff notes that actual ongoing costs to each affected state agency are unknown because the bill does not specify a timeline or requirements for updating the standards. While the upfront workload to evaluate WUI-related fire hazards may be significant, ongoing costs could decrease in subsequent years. This reduction would occur if agencies review and update standards on an as-needed basis, rather than conducting a full annual review.

SUPPORT: (Verified 8/14/26)

Insurance Commissioner Ricardo Lara / California Department of Insurance
(source)

City of Los Alamitos
Eaton Fire Residents United
United Policyholders

OPPOSITION: (Verified 8/14/26)

301 Organics
350 Conejo
350 Conejo / San Fernando Valley
350 South Bay LA
350 South Bay Los Angeles
350 Southland Legislative Alliance
After the Fire
Altadena Arts
Altadena Colab
Altogether
American Property Casualty Insurance Association
Ban Sup
Biomax Environmental
California Community Foundation
Civic Sundays
Clergy Community Coalition
Consumer Attorneys of California
Consumer Watchdog
Dena Rise Up
Eaton Fire Collaborative
Eaton Fire Renters Coalition
End Child Poverty CA
Glendale Environmental Coalition
Greenfaith
Hello Claire
Holly Wyman Design
Indivisible Alta Pasadena
Joan Collaborative
LA Voice
LA Standing Homes
Leap of Faith Family to Family Support
Little Tokyo Service Center
Long Beach Alliance for Clean Energy
Maeve Mt. Washington Glassell Park
McClain Consulting Services

My Tribe Rise
National Association of Mutual Insurance Companies
Pacific Association of Domestic Insurance Companies
Pacific Film Foundation
Pasadenans Organizing for Progress
Personal Insurance Federation of California
Resilient Palisades
San Diego 350
San Diego350
Sonoma County Climate Activist Network

ARGUMENTS IN SUPPORT: According to Insurance Commissioner Ricardo Lara, sponsor of the bill:

“California has experienced record-breaking wildfires, including the January 2025 Eaton and Palisades Fires, which destroyed thousands of homes and left many more contaminated by smoke, soot, ash, char, and other hazardous substances. Thousands of smoke-damage insurance claims have since been filed. Because no authoritative, enforceable standards exist for testing or remediating smoke damage, survivors report inconsistent claims handling, partial or total denials, and refusals by insurers to pay for pre- or post-remediation testing. CDI has taken executive actions—including consumer bulletins, enforcement actions, and investigations—but the absence of standards has resulted in a patchwork of insurer practices. In response to the January 2025 fires, I convened a Smoke Claims and Remediation Task Force to develop recommendations for statewide standards and insurance coverage expectations.

Residential property insurance policies that cover the peril of fire also cover smoke damage caused by fire, and insurers are required to cover restoration of properties to pre-loss condition. However, California has no statewide standards governing the inspection or testing of smoke-damaged homes, no minimum sampling or clearance protocols, no mandated remediation methods, and no training or certification requirements for professionals who assess or remediate smoke damage. No state agency is currently designated to enforce uniform smoke-damage remediation standards, and existing claims-handling requirements lack the specificity needed for consistent enforcement.

The absence of enforceable standards has resulted in inconsistent insurer practices, including denials of testing, partial claim denials, and refusals to reimburse for pre- or post-remediation testing. Homeowners and tenants face uncertainty about whether their homes are safe to reenter, and many have been forced to pay for

testing or remediation out of pocket. Without statewide standards, neither insurers nor regulators have a clear framework to ensure that smoke-damaged homes are restored to safe, habitable, pre-loss condition, and the resulting instability contributes to rising costs in the residential property insurance market

AB 1795 would create a comprehensive statewide framework for residential property insurance policies to ensure consistent, science-based handling of smoke-damage claims. This bill will mandate insurer compliance with remediation protocols and clarify their obligation to cover the cost of restoring properties to a pre-loss condition. Finally, AB 1795 also identifies the appropriate state agencies responsible for implementing and enforcing the standards and creates penalties for noncompliance.”

ARGUMENTS IN OPPOSITION: According to the insurance associations known as the “Trades”:

“The insurance industry supports standards on the testing and remediation of smoke claims and actively participated in the Smoke Claims and Remediation Task Force established by the California Department of Insurance (CDI). Clear and credible standards benefit homeowners, regulators, and insurers. However, standards must be grounded in defensible science and structured in a way that is operationally feasible and legally durable.

AB 1795 introduces a comprehensive new framework governing wildfire smoke testing, remediation, and insurance claims handling. While intended to improve consistency and consumer outcomes, several provisions raise significant concerns for insurers related to contract certainty, retroactive application, operational feasibility, and cost escalation.

The bill was improved in Assembly Insurance Committee; however we do remain concerned with certain provisions of the bill. Most importantly the cost. In recent years we have seen the costs for smoke claims grow exponentially. These are claims where a home does not have a single ember touch the home, and in some cases are exhausting million-dollar policies. These are unpredictable costs that fall well outside underwriting expectations and the pricing of smoke coverage. If AB 1795 moves forward as drafted companies will have to anticipate that the entirety of a homeowner’s policy could be exhausted through smoke claims, thus undermining the affordability and availability benefits of mitigation.

To address this concern and continue towards greater market availability and affordability we have suggested to the author and sponsor that a sublimit on smoke should be included. This would cap smoke coverage at a percentage of the total

policy coverage, such that cleaning, remediation, and testing are available without increasing the amount needed in claims paying capacity. This sublimit would be available with optional higher limits for those desiring higher coverage protection for smoke. This will contain the costs for those not in WUI or high smoke risk areas, while providing sufficient protection for homeowners and predictability to insurers. We appreciate the commitments made by the author to address this concern and are in active discussion with his office and the CDI to determine the best way to proceed.”

ASSEMBLY FLOOR: 56-7, 6/8/26

AYES: Addis, Aguiar-Curry, Ahrens, Alvarez, Arambula, Ávila Farías, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Chen, Connolly, Elhawary, Flora, Fong, Gabriel, Gipson, Mark González, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Krell, Lee, Lowenthal, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Sharp-Collins, Solache, Soria, Stefani, Valencia, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Castillo, DeMaio, Hadwick, Macedo, Patterson, Sanchez, Tangipa

NO VOTE RECORDED: Alanis, Bains, Davies, Dixon, Ellis, Gallagher, Garcia, Jeff Gonzalez, Haney, Kalra, Lackey, Muratsuchi, Petrie-Norris, Celeste Rodriguez, Schultz, Ta, Wallis

Prepared by: Brandon Seto / INS. / (916) 651-4110
8/30/26 16:21:58

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