
SENATE COMMITTEE ON INSURANCE

Senator Susan Rubio, Chair

2025 - 2026 Regular

Bill No:	AB 597	Hearing Date:	July 9, 2025
Author:	Harabedian		
Version:	July 3, 2025 Amended		
Urgency:	Yes	Fiscal:	Yes
Consultant:	Brandon Seto		

SUBJECT: Public insurance adjusters

DIGEST: Requires additional transparency and disclosure requirements for contracts between public adjusters and policyholders including specifying services provided by the public adjuster. Restricts a public adjuster's compensation from being based on a payment made to the policyholder prior to the contractual retention of the adjuster. Clarifies prohibitions on when public adjusters may solicit their services, and under certain conditions, gives policyholders additional ability to void or cancel contracts with public adjusters.

ANALYSIS:

Existing law:

- 1) Defines "public insurance adjuster" to mean a person who, for compensation, acts on behalf of or aids in any manner, an insured in negotiating for or effecting the settlement of a claim or claims for loss or damage under any policy of insurance covering real or personal property or any person who advertises, solicits business, or holds themselves out to the public as an adjuster of those claims and any person who, for compensation, investigates, settles, adjusts, advises, or assists an insured with reference to claims for those losses on behalf of any public insurance adjuster.
- 2) Prohibits a public adjuster from charging a fee, commission, or other valuable consideration that causes the policyholder to receive less than the amount paid to the policyholder by the insurer prior to the date of the written contract between the policyholder and the public adjuster.
- 3) Prohibits public adjusters from soliciting a client for employment during a loss-producing occurrence, and specifies that a loss-producing occurrence continues to exist when any of the circumstances that caused the loss are present at the property, emergency responders are present at the property, or an evacuation order is still in effect at the property.
- 4) Prohibits public adjusters from soliciting a policyholder for employment or initiating contact with a policyholder between the hours of 6 PM and 8 AM, unless requested by the policyholder.
- 5) Prohibits public adjusters from soliciting a contract for residential properties that are included in an area subject to a catastrophic disaster until seven calendar days have elapsed from the conclusion of the loss-producing occurrence.

- 6) Requires a public adjuster to use a contract that has been approved by the Insurance Commissioner which contains several specified provisions, while specifically excluding others.
- 7) Defines “catastrophic disaster” to mean an duly declared event that results in large numbers of deaths and injuries, causes extensive damage or destruction of facilities that provide and sustain human needs, produces an overwhelming demand on state and local response resources and mechanisms, causes a severe long-term effect on general economic activity, and severely affects state, local, and private sector capabilities to begin and sustain response activities.
- 8) 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.

This bill:

- 1) States that a public adjuster must provide in any contract with a policyholder, a description of the services to be provided, including the specific claim and coverages to which the services apply.
- 2) Prohibits these contracts between a public adjuster and a policyholder from allowing a public adjuster’s compensation to be for, or based upon, any amount paid to the policyholder by the insurer prior to the date of the written contract with the public adjuster. Further prohibits such compensation for, or based upon, an insurer’s payment for specific claims or coverages to which the services do not apply.
- 3) Requires such contracts to contain a clear and conspicuous statement in at least 12-point type indicating whether or not the claim or claims to which the services apply pertain to a catastrophic disaster or a state of emergency. Allows contractually engaged policyholders, during these circumstances, five calendar days to cancel the contract without any penalty or obligation to pay the public adjuster, except for certain out-of-pocket emergency expenses paid by the adjuster.
- 4) Requires more legible type to be included in these contracts for certain policyholder notification provisions.
- 5) States that a public adjuster may not solicit or attempt to solicit a policyholder or policyholder’s representative for employment during a loss-producing occurrence, as specified. If a public adjuster violates this provision, the policyholder is entitled to void or rescind any contract without time limit.
- 6) Stipulates that a public adjuster or any other person or entity offering related services, shall not solicit a policyholder or a policyholder’s representative for employment or initiate any contact with a policyholder or their representative between the hours of 6 PM and 8 AM, unless requested by the policyholder or policyholder’s representative. If a public adjuster violates this provision, the policyholder is entitled to void or rescind any contract without time limit.

7) Contains an urgency clause.

Background

According to the Author:

“AB 597 will strengthen consumer protections for policyholders working with public insurance adjusters. Public adjusters provide a valuable service by helping people navigate the complex insurance claims process after disasters like wildfires, reviewing policies, documenting losses, and negotiating with insurance companies to get a fair settlement. However, consumers can often be misled when retaining public adjuster services.

Public adjusters are currently allowed to charge a fee on monies already paid out, or “old money”, to a policyholder that the public adjuster had no hand in helping the policyholder gain. Further, some public adjuster contracts are unclear about the service fees they’ll charge a consumer and whether these fees will be on a percentage of old money, the “new money” that the public adjuster actually played a role in securing for the policyholder, or both.

Public adjusters should not profit from monies for which they did not provide services. Consumers deserve transparency and the ability to void a contract if a public adjuster misrepresents their services or fees, especially in their most vulnerable moments following a disaster. AB 597 will achieve this by prohibiting a public adjuster from charging fees on old money the adjuster did not help the policyholder gain, and requiring detailed descriptions of services in public adjuster contracts with a means of terminating the contract if the services were solicited during a prohibited time period. These provisions will help protect policyholders during their times of greatest need.”

Suggested Amendment

Apply the provisions of subdivision (c)(4) of the bill only during a catastrophic disaster or a state of emergency:

(c)(4) Allows the licensee’s fee, commission, or other valuable consideration to be for, or based upon, any amount paid to the insured by the insurer prior to the date of the written contract between the insured and the public adjuster, *if the claim pertains to a catastrophic disaster, as defined in Section 15001, or a state of emergency, as defined in Section 8558 of the Government Code.*

Related/Prior Legislation

SB 240 (Dodd, Chapter 502, Statutes of 2019): Required the California Department of Insurance (CDI) to develop an informational bulletin regarding California laws related to property insurance policies, including those governing declared emergencies, and to distribute those bulletins to all insurers, adjusters, and claimants suffering losses in a declared emergency. Made several changes to CDI’s responsibilities with respect to claims adjusters.

SB 488 (Block, Chapter 833, Statutes of 2016): Revised the eligibility requirements and regulations applicable to public adjusters, including defining several licensure requirements, prohibiting public adjusters from soliciting new business while the loss-inducing event is ongoing, permitting the policyholder to cancel a contract within five days of signing the contract after a catastrophe, and prohibiting the fee charged by a public adjuster from resulting in the policyholder receiving less compensation from the insurer than before the public adjuster was retained.

ARGUMENTS IN SUPPORT:

According to the sponsor, Insurance Commissioner Ricardo Lara:

“The heartbreak and challenges facing families and communities from the fires in Southern California are a stark reminder of how deeply these disasters impact all of us. These wildfires have brought immense emotional and financial strain, and we must work together to ensure no one faces this level of devastation alone. These events have also exposed the need to protect victims from bad actors who use wildfires as an opportunity to re-victimize disaster survivors. Although Public Adjusters (PAs) serve an essential role in negotiating on behalf of consumers, aiding them in securing additional funds under an insurance policy, a few bad actors take an exorbitant percentage – upwards of 30% or more – while also retroactively charging commission on funds that were paid to an insured prior to the PA entering into a contract with the insured.

AB 597 would provide fee transparency by prohibiting PAs from taking fees on any payments received before the date of the written contract between the consumer and the PA, ensuring they do not retroactively charge fees for funds they had no part in obtaining. Additionally, AB 597 would require contracts to provide a detailed description of services, including specific claims and coverages the PA will handle, and contract language requirements to inform consumers of their rights and protections. Lastly, it would give consumers a vital recourse to void or rescind a contract solicited during a prohibited period. AB 597 offers essential safeguards against the re-victimization of disaster survivors, ensuring that insurance payouts go to families and communities where they are most needed.”

ARGUMENTS IN OPPOSITION:

According to SunPoint Public Adjusters:

“We acknowledge the recent amendments to AB 597, including the removal of the arbitrary fee cap. But let’s be clear: the bill is still fundamentally broken and remains a direct threat to California consumers. This bill removes the fee cap and creates incentives for insurance companies to have actuarial tables determine how much to pay consumers under what they are owed based on their policy. The bill prohibits public adjusters from earning fees on any money paid before a contract is signed. This isn’t a consumer protection — it’s a loophole tailor-made for insurers to take advantage of disaster victims. Insurers will simply issue lowball payments up front — just enough to trap victims in a weakened position, making it financially impossible for them to hire an adjuster.

Public adjusters are often the only professionals standing between these consumers and a denied or drastically underpaid claim. If adjusters can’t get paid fairly, they can’t

afford to help — and thousands will be forced to face billion-dollar insurance companies alone. This arbitrary “overage” limit means public adjusters will have to factor all their costs to professionally evaluate the claim, into a smaller portion of the claim — which could make fees appear as high as 15–30%. That alone may scare off many consumers from getting the help they need and getting what they are owed from their insurance company. AB 597 is a betrayal of fire survivors and every California consumer struggling to recover from property loss.”

SUPPORT:

Insurance Commissioner Ricardo Lara / California Department of Insurance (Sponsor)
Alpha Kappa Alpha Sorority, INC. - Pasadena Chapter
American Property Casualty Insurance Association
California Association of Realtors
California-Hawaii State Conference of the NAACP
County of Los Angeles Board of Supervisors
Eaton Fire Survivors Network
Pacific Association of Domestic Insurance Companies
Pasadena/Altadena Ivy Foundation
Personal Insurance Federation of California

OPPOSITION:

Greenspan Company Adjuster International
SunPoint Public Adjusters

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