

SENATE THIRD READING  
SB 487 (Grayson)  
As Amended September 2, 2025  
Majority vote

## SUMMARY

Provides injured public safety workers priority in recovering damages in third-party civil suits.

### Major Provisions

- 1) Specifies that, when the injured employee is a peace officer, as defined, or a firefighter who is employed by a city, county, city and county, or fire protection district, their employer is entitled to receive no more than one-third of the third-party defendant's liability insurance policy if both of the following are true:
  - a) The employee establishes that their total damages exceed the net recovery available after satisfaction of the employer's claim.
  - b) The total liability insurance limits available are insufficient to fully compensate the employer's and employee's proven damages.
- 2) Limits an employer's right to reimbursement, subrogation, and lien to the specified maximum allocation pursuant to 1), above.
- 3) Prohibits an employer from asserting any recovery by one of these injured employees as a credit or offset against future workers' compensation benefits.
- 4) Requires a settlement or release to limit an employer's claim for reimbursement to the portion of the settlement allocated to the employer, pursuant to these provisions.

## COMMENTS

In addition to a workers' compensation claim, an injured peace officer or firefighter may pursue a civil claim against the third party at fault, such as a negligent driver, to recover additional losses. While workers' compensation covers medical treatment and wage replacement, it does not cover additional losses, such as compensation for pain and suffering or loss of opportunities (promotions, overtime, etc.). However, an employer (either directly or through their workers' compensation insurer) may seek reimbursement for the benefits provided to the injured worker from the proceeds of a civil claim against the third party. This process, called subrogation, is not limited to workers' compensation claims. Insurers pursue subrogation in many settings to recover the costs of benefits paid for losses caused by a third party.

Public agencies may file subrogation claims on the civil settlements an injured peace officer or firefighter pursues. Currently, the law prioritizes public agencies to recover the costs from any third-party settlement or judgment awarded to an injured peace officer or firefighter. This means that the public agencies' claims may significantly reduce the civil settlement recovery costs awarded to an injured officer or firefighter from the third party. By limiting the permissible recovery by such a public agency to one-third of the third-party defendant's liability insurance policy, this bill, SB 487, seeks to ensure that peace officers and specified firefighters injured in

the line of duty retain a larger portion of the damages recovered from the third party under the specified circumstances.

**According to the Author**

"Current law gives public agencies priority to recover workers' compensation costs from any third-party settlement or judgment awarded to injured officers and firefighters. Even though these individuals may be entitled to substantial damages for additional losses, the agencies' claims can significantly reduce or completely absorb those funds. As a result, injured officers and firefighters often receive insufficient compensation for their broader losses, including lost overtime, missed promotions, and pain and suffering. Additionally, any settlement received may result in a credit against future workers' comp benefits, reducing coverage for medical treatment, disability, salary, and other benefits.

To address this issue, SB 487 would guarantee that peace officers injured in the line of duty would be entitled to the compensation they obtain from a settlement after being injured by a third party. Specifically, this bill would prohibit public agencies from unfairly collecting on the settlement, leaving injured officers without the financial compensation they earned in the line of duty. Further, the bill ensures that an injured employee is entitled to at least two-thirds of the third-party defendant's liability insurance limits when the employee proves total damages exceed the net amount available after the employer's claim, and available insurance limits are insufficient to fully cover both the employer's and the employee's damages."

**Arguments in Support**

A coalition representing various peace officer associations, including the California Fraternal Order of Police, who sponsor the bill, argues:

Currently, when peace officers or firefighters are injured by a negligent third party—whether in a traffic collision, assault, or shooting—they may pursue civil claims to recover damages not covered by workers' compensation, including lost overtime, special pay, missed promotion opportunities, pension losses, and pain and suffering. Despite this, existing law allows public agencies to place liens on these civil settlements or judgments to recover the costs of workers' compensation benefits they have already provided. In many cases, this practice leaves injured officers and firefighters with little to no compensation for the devastating personal and financial losses they have endured.

SB 487 addresses this inequity by allowing injured officers and firefighters to recover a percentage of their losses from civil judgement or settlements, while still allowing the public agency to recover for their losses as well. It ensures that these brave men and women—who have risked their lives to protect our communities—retain a portion of the financial settlements they have rightfully earned through civil proceedings.

**Arguments in Opposition**

A coalition representing various local governments argues:

Public safety officers enjoy generous salary continuation benefits, presumptions for several types of injuries and illnesses, and Industrial Disability Retirement (IDR) benefits that aren't available to any other type of worker in the state. As a result, state and local governments have a higher cost of providing workers' compensation benefits to police officers and firefighters, and recovering costs from responsible third parties is vitally important to protect public resources and taxpayers. [...]

The public sector entities affected by SB 487 have limited resources available to provide services to the public. If the legislature is going to upend well-established public policy related to third party subrogation, it should do so only after being fully informed. Proponents of SB 487 have not provided any objective evidence suggesting law enforcement and firefighters are frequently facing bad outcomes in third party litigation related to workplace injuries.

## FISCAL COMMENTS

According to the Assembly Appropriations Committee, "No costs to the Division of Workers' Compensation (DWC). [...] Costs of an unknown, but definitely significant, amount to local public employers of safety officers, as such employers would be limited to recovering only one-third of its workers' compensation costs from a liable third party. However, such local costs are likely non-reimbursable by the state because requiring a local agency to provide increased employee pay or benefits does not generally constitute a higher level of service to the public under the constitutional definition of a mandate."

## VOTES

### SENATE FLOOR: 37-0-3

**YES:** Allen, Alvarado-Gil, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Choi, Cortese, Dahle, Durazo, Gonzalez, Grayson, Grove, Hurtado, Jones, Laird, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener  
**ABS, ABST OR NV:** Cervantes, Limón, Reyes

### ASM INSURANCE: 16-0-1

**YES:** Calderon, Wallis, Addis, Alvarez, Ávila Farías, Berman, Chen, Ellis, Gipson, Harabedian, Krell, Nguyen, Ortega, Petrie-Norris, Michelle Rodriguez, Valencia  
**ABS, ABST OR NV:** Hadwick

### ASM APPROPRIATIONS: 11-0-4

**YES:** Wicks, Arambula, Calderon, Caloza, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache  
**ABS, ABST OR NV:** Sanchez, Dixon, Ta, Tangipa

## UPDATED

VERSION: September 2, 2025

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