
UNFINISHED BUSINESS

Bill No: SB 487
Author: Grayson (D), et al.
Amended: 9/2/25 in Assembly
Vote: 21

SENATE LABOR, PUB. EMP. & RET. COMMITTEE: 5-0, 4/30/25
AYES: Smallwood-Cuevas, Strickland, Cortese, Durazo, Laird

SENATE APPROPRIATIONS COMMITTEE: 6-0, 5/23/25
AYES: Caballero, Seyarto, Cabaldon, Grayson, Richardson, Wahab
NO VOTE RECORDED: Dahle

SENATE FLOOR: 37-0, 5/28/25
AYES: 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
NO VOTE RECORDED: Cervantes, Limón, Reyes

ASSEMBLY FLOOR: 53-0, 9/12/25 – Roll call not available

SUBJECT: Workers' compensation

SOURCE: California Fraternal Order of Police

DIGEST: This bill specifies that when the injured employee is a peace officer, as defined, or a firefighter who is employed by a city, county, a city and county, or a fire protection district, the employer is entitled to receive no more than one-third of a third-party defendant's applicable liability insurance policy limits, under specified circumstances.

Assembly Amendments (1) limit the provisions to peace officers and firefighters who are employed by a city, a county, a city and county, and a fire protection

district, and (2) specify the specified *employers* are entitled to receive no more than one-third of the third-party defendant's liability insurance policy.

ANALYSIS:

Existing law:

- 1) Establishes a comprehensive system of workers' compensation, administered by the Administrative Director of the Division of Workers' Compensation that provides a range of benefits for an employee who suffers from an injury or illness that arises out of and in the course of employment, regardless of fault. This system requires all employers to insure payment of benefits by either securing the consent of the Department of Industrial Relations to self-insure or by obtaining insurance from a company authorized by the state. (Labor Code §§3200-6002)
- 2) Requires an employer to provide all medical services reasonably required to cure or relieve the injured worker from the effects of the injury. (Labor Code §§4600-4615)
- 3) Establishes a Workers' Compensation Appeals Board and sets forth various proceedings that are required to be brought forth before the board (Labor Code §§3200-3219)
- 4) Authorizes an employer who pays or becomes obligated to pay compensation, salary in lieu of compensation, or an amount to the Department of Industrial Relations to make a claim or bring an action against a third person who caused the injury or death of an employee that gave rise to the employer's obligations. (Labor Code §3852)
- 5) Relieves the employer from an obligation to pay further compensation to or on behalf of the employee if the employer has paid litigation expenses, attorney's fees, and the employer's lien. (Labor Code §3858)
- 6) Requires any release or settlement of a claim to include notice to both the employer and employee, as specified, and the written consent of both the employer and employee, in order for the release or settlement to be valid. (Labor Code §§3859-3860)
- 7) Authorizes the appeals board to credit the employer with an amount equal to the recovery by the employee that has not been applied to certain expenses, to be

applied against the employer's liability for compensation, as specified. (Labor Code §3861)

- 8) Authorizes an employer to enforce payment of a lien against a third party, or against the employee, if damages have been paid to the employee, in the manner provided for enforcement of money judgments. (Labor Code §3862)

This bill:

- 1) Specifies, that when the injured employee is a peace officer, as defined, or a firefighter who is employed by a city, county, a city and county, or a fire protection district, the employer is entitled to receive no more than one-third of a third-party defendant's applicable liability insurance policy limits if:
 - a) The employee establishes that their total damages exceed the net recovery available after satisfaction of the employer's claim and,
 - b) The total liability insurance limits available are insufficient to full compensate the employer and employee's proven damages.
- 2) Limits an employer's right to reimbursement, subrogation, or lien to the minimum recovery threshold, as specified.
- 3) Prohibits an employer from asserting any recovery by one of these injured employees as a credit or offset against future workers' compensation benefits, as specified.
- 4) Requires a settlement or release to limit an employer's claim for reimbursement to the portion of the settlement not allocated to the employee, pursuant to these provisions.

Background

Workers' Compensation. Workers' compensation temporary disability (TD) indemnity benefits are payments injured employees get if they lose wages due to a work-related injury that prevents them from doing their usual job while recovering. Injured employees are entitled to TD benefits equal to two-thirds of their average weekly wages. Certain public safety classifications, such as peace officers and firefighters, receive workers' compensation benefits that other employees do not receive, including "4850 leave," which grants up to one year of full salary instead of the regular method for calculating temporary disability benefits. Once 4850 leave benefits are exhausted, if the employee is still temporarily disabled, they are

eligible to receive workers' compensation TD. In most cases, TD will not be paid beyond 104 weeks.

If an on-duty peace officer or firefighter is injured on the job due to a third party, for instance, a traffic accident, assault, or shooting, they may be entitled to 4850 leave for up to one year, and after that period of time, can file a workers' compensation claim at two-thirds their salary.

Civil Claims Against Third Parties. 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.).

Under a third-party claim, an employer's workers' compensation insurance provider may seek reimbursement for the benefits it paid. This process is called subrogation, which means the employer's workers compensation insurance company can seek reimbursement from the worker for the disability payments, or other benefits, received if the worker also receives financial recovery from a third party (the party at fault).

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. This bill, SB 487, would limit the permissible recovery by such a public agency to one-third of the third-party defendant's liability insurance policy 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.

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

According to the Assembly Appropriations Committee:

- No costs to the Division of Workers' Compensation (DWC). DWC notes that this bill affects matters negotiated, settled, and adjudicated outside its jurisdiction through a civil action.

- Costs of an unknown amount, likely in the low millions of dollars annually, to the state as an employer of peace officers and firefighters, as the state would be limited to recovering only one-third of its workers' compensation costs from a liable third-party (General Fund or special fund). State Compensation Insurance Fund data shows approximately 112 subrogation recoveries specific to peace officers or firefighters between March 2024 and March 2025, through which approximately \$11.1 million was recovered - \$2.1 million in cash and \$9 million in credit. Under the ratio set by this bill, the state could have incurred costs of \$7.4 million if the state was entitled to only \$3.7 million, or one-third of recovery amounts, with actual costs ultimately dependent on the fact pattern of each case.
- Costs of an unknown, but definitely significant, amount to local public employers of safety officers for the same reason for costs to the state. 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.

SUPPORT: (Verified 9/11/25)

California Fraternal Order of Police (Source)
 Arcadia Police Officers' Association
 Association for Los Angeles Deputy Sheriffs
 Association of Orange County Deputy Sheriffs
 Brea Police Association
 Burbank Police Officers' Association
 California Association of Highway Patrolmen
 California Association of School Police Chiefs
 California Coalition of School Safety Professionals
 California Narcotic Officers' Association
 California Professional Firefighters
 California Reserve Peace Officers Association
 California Statewide Law Enforcement Association
 Claremont Police Officers Association
 Corona Police Officers Association
 Culver City Police Officers' Association
 Fullerton Police Officers' Association
 Long Beach Police Officers Association
 Los Angeles School Police Management Association
 Los Angeles School Police Officers Association

Murrieta Police Officers' Association
Newport Beach Police Association
Palos Verdes Police Officers Association
Peace Officers Research Association of California
Placer County Deputy Sheriffs' Association
Pomona Police Officers' Association
Riverside Police Officers Association
Riverside Sheriffs' Association
Sacramento County Deputy Sheriffs Association
Sheriff's Employee Benefits Association

OPPOSITION: (Verified 9/11/25)

California Association of Joint Powers Authorities
California Joint Powers Insurance Authority
California Special Districts Association
California State Association of Counties
City of Bell
City of Chula Vista
City of Corona
City of LA Verne
City of Santa Barbara
County of Butte
County of Fresno
County of Humboldt
County of Kings
County of Los Angeles Board of Supervisors
County of Placer
Golden State Risk Management Authority
League of California Cities
Local Agency Workers' Compensation Excess JPA
Los Angeles City Attorney
Northern California Special Districts Insurance Authority
Public Risk Innovation, Solutions, and Management
Rural County Representatives of California
Schools Insurance Authority
Urban Counties of California

ARGUMENTS IN SUPPORT:

According to the sponsor, the Fraternal Order of the Police:

“This important measure recognizes the sacrifices made by our public safety personnel and protects their right to retain a percentage of their award granted through civil judgments or settlements.

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. 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:

According to a coalition of opponents, including cities, counties, special districts, and the California Association of Joint Powers authority and California Coalition on Worker’ Compensation:

“The legislature has a strong history of closely examining proposed workers’ compensation policy changes through the joint labor-management Commission on Health and Safety and Workers’ Compensation (CHSWC). According to the CHSWC website, it was created in 1993 to examine health and safety and workers’ compensation systems and recommend administrative or legislative modifications to improve their operation. In recent years, the legislature has often turned to CHSWC for answers when, much like with SB 487, they are confronted with proposed workers’ compensation legislation that is based largely on anecdote instead of data. When an employee is injured by a third party during the course and scope of their employment, the employer, regardless of who is at fault, must provide full workers’ compensation benefits. This includes all forms of disability, both temporary and permanent, any associated expenses and vocational rehabilitation if applicable. In addition, the employer is bound to provide medical treatment for the duration of that employee’s life for the injured body parts or conditions. An example of an injury sustained at the fault of a third party is when a

motor vehicle accident occurs outside of the employer's premises and outside of the employer's control. Regardless, the employer is still obligated to provide all statutory workers' compensation benefits to the employee. As such, the employer's only remedy for reimbursement of the costs incurred because of another party is via subrogation recovery. 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."

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9/12/25 16:52:20

****** END ******