SENATE THIRD READING
SB 492 (Becker and Petrie-Norris)
As Amended August 29, 2026
2/3 vote. Urgency

SUMMARY

Enacts significant reforms to the laws governing post-wildfire claims for fires started by equipment owned and maintained by investor-owned utilities and enacts meaningful measures to strengthen wildfire mitigation efforts in California.

Major Provisions

1) Provides that an investor owned utility may trigger a fast-pay program by providing notice to the fast-pay administrator within 45 days of notifying the commission of an ignition involving their equipment in accordance with commission Decision 14-02-015 (May 15, 2014) Decision Granting in Part and Denying in Part the Petition to Modify Decision 12-01-032, as specified.

2) Requires, within 180 days of the enactment of the bill, the fast-pay administrator, appointed by the California Catastrophe Response Council, to establish and approve procedures for the review, approval, and timely payment of claims by individual claimants for damages as a result of an activating wildfire. The procedures shall include a process for accepting claims, requiring supporting documentation, making settlement offers, and setting requirements for the release of claims.

3) Provides that whether a wildfire constitutes an activating wildfire for the purpose of triggering the fast-pay program is inadmissible in court and not discoverable, other than for the limited issue of determining if the requirement that a claimant first presents a claim through the administrative claims process.

4) Requires the fast-pay administrator to begin accepting claims within 15 days of the receipt of the notice specified in 1).

5) Requires damage claims submitted to and evaluated by the fast-pay administrator to be consistent with the following:

    a) The claim is be submitted within the earlier of either one year from the date a wildfire is determined to be an activating wildfire, or the expiration of the applicable statute of limitations if a claim asserting entitlement to similar damages was filed in court;

    b) An individual claimant may submit a claim for compensation resulting from damage or destruction to real, personal, or commercial property, or noneconomic losses. Claims for serious bodily injury, wrongful death, or bystander claims need not be submitted;

    c) An individual claimant provides reasonable documentation and information requested by the fast-pay administrator, as specified;

    d) An individual claimant cannot be required to prove, as part of submitting a claim, that an eligible entity caused the activating wildfire or that an eligible entity is liable for damages resulting from the activating wildfire;

e) The fast-pay administrator may establish a process to provide claimants with advance payments not to exceed 20 percent of their probable settlement offer from the fast-pay program based on a preliminary review of the documentation submitted, provided that any claimant that chooses to accept an advance payment must agree that the payment offset any subsequent settlement offer they accept from the fast-pay program or a settlement or judgment they otherwise receive against an eligible entity resulting from the activating wildfire;

f) Within 60 days after an individual claimant submits a claim, including the documentation required pursuant to the bill, the fast-pay administrator determines whether the documentation is sufficient and, if not, requests that the claimant submit any further documentation the fast-pay administrator may require, as specified;

g) Within 30 days after the fast-pay administrator determines the documentation for a claim is sufficient, the fast-pay administrator makes a settlement offer from the fast-pay program to the individual claimant;

h) Within 30 days of receipt of transmittal of a settlement offer from the fast-pay administrator, an individual claimant must notify the fast-pay administrator whether the individual claimant chooses to accept or reject the offer.

6) Imposes a stay on all litigation, following discovery proceedings, until 45 days after the plaintiff submits a completed claim to the fast-pay administrator under 5), unless one of the following have been met:

   a) The individual plaintiff has already presented the claim through the administrative claims process under the fast-pay program, and the fast-pay administrator denied the claim; or

   b) The individual plaintiff has already presented the claim through the administrative claims process under the fast-pay program, the fast-pay administrator issued a settlement offer, and the individual plaintiff rejected the settlement offer.

7) Tolls applicable statute of limitations for damage claims from the date the individual plaintiff submitted the claim to the fast-pay program until the earliest of the date the fast-pay administrator declines to make a settlement offer, the date the settlement offer expires, or the date the individual plaintiff rejects the offer.

8) Prohibits an individual, business corporation, or other entity from selling, assigning, or transferring, in whole or in part, any wildfire claim, or any right of recovery on a wildfire claim, to a private equity group.

9) Exempts from the provisions of 8) specified inter-personal claim transfers.

10) Prohibits an insurer from transferring right of subrogation to a third-party, as specified.

11) Authorizes the Attorney General or any district attorney to enforce the provisions of 8) through 10).

12) Requires an electrical corporation to have an executive incentive compensation structure that meets, among other provisions, the following requirements:

a) Is structured to promote safety as a priority and to ensure public safety with performance metrics, including incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers;

b) Includes a provision denying all short-term incentive compensation to the chief executive officer, chief financial officer, chief operating officer, and any other officer holding an equivalent senior executive position, for the electrical corporation''s fiscal year in which it causes a catastrophic wildfire that results in 500 or more structures damaged or destroyed and for the subsequent fiscal year;

c) Places strict limits on guaranteed cash compensation with the primary portion of the executive officers'' compensation based on the achievement of objective performance metrics;

d) Provides a significant portion of the compensation as long-term incentive compensation that may take the form of grants of the electrical corporation''s stock based on the electrical corporation''s long-term performance and value;

e) Does not include any guaranteed monetary incentives in the compensation structure;

f) Minimizes or eliminates indirect or ancillary compensation that is not aligned with shareholder, ratepayers, and taxpayer interest in the electrical corporation; and

g) Includes specified components tying compensation to minimum safety weightings.

13) Prohibits attorneys from targeting communications to wildfire victims, as specified, and makes such communications punishable with penalties commensurate to those imposed on attorneys or other parties found to have committed capping.

14) Limits the amount of fees counsel for an insurance carrier may recover in a claim for subrogation in an inverse condemnation case to ten percent of the total settlement or judgment.

15) Exempts specified records held by the California Catastrophe Response Council, or the California Earthquake Authority as the Wildfire Fund Administrator, or any successor administrator, that relate to the administration or evaluation of claims submitted for reimbursement from the Wildfire Fund or Continuation Account, from the Public Records Act and adopts modest Bagley-Keene Open Meeting Act exemptions for those entities.

16) Authorizes the Department of Insurance to provide information submitted to the Department, including, among other things, the property experience data described above, to researchers and government agencies for the purpose of evaluating California wildfire risk, insurance protection gaps, or wildfire risk mitigation, as specified.

17) Requires the Department of Forestry and Fire Protection to, on or before March 1 of each year, to prepare and submit a report to the Legislature on the detailed efforts made in California towards wildfire prevention and community preparedness, as specified.

18) Requires, on or before July 1, 2027, and every 5 years thereafter, the Secretary of the Natural Resources Agency, in consultation with the State Fire Marshal, the Wildfire and Forest

Resilience Task Force, the Wildfire County Coordinator Program, and the State Hazard Mitigation Officer to report to the Legislature on the statewide community wildfire preparedness strategy that incudes, among other aspects, the following:

a) Data on the fire prevention efforts during the previous fiscal year and the data from each of the prior two reporting years for purposes of comparing the data;

b) Progress made towards implementing the community wildfire preparedness strategy;

c) Fire prevention activities performed or funded by the Department of Forestry and Fire Protection;

d) A breakdown of the various community preparedness and fire prevention metrics and projects listed in county-level community wildfire protection plans;

e) Fire prevention activities performed by counties; and

f) Any other data or qualitative information deemed necessary by the department in order to provide the Legislature with a clear and accurate accounting of fire prevention efforts, particularly with regard to variations from one year to the next.

COMMENTS

In the last 20 years, at least seven wildfires that destroyed more than 1,000 structures were started by equipment owned and maintained by California"s investor-owned utilities. Because California law, through the theory of inverse condemnation, makes the utility strictly liable for the damages, these fires have placed tremendous financial strain on utilities. Although many of these fires were the direct result of the utilities" inability to safely maintain their systems, given the vital public service utilities provide it is imperative that the utilities remain financially viable. To that end, following the bankruptcy of the Pacific Gas & Electric Company, the Legislature enacted AB 1554 (Holden) Chap. 79, Stats. 2019 to create a Catastrophic Wildfire Fund to assist in paying for the losses incurred by utility caused wildfires.

Unfortunately, the Eaton Fire, sparked by a Southern California Edison power line in January 2025 incurred damages well in excess of the Fund"s capability to address. This bill seeks to stabilize the Fund and lessen the risk of future fires while attempting to create a "fast-pay" program that seeks to help victims receive compensation in a timely manner.

The bill advances four main policy goals. First the bill improves wildfire mitigation efforts by providing for improved data collection and sharing, tasking the Natural Resources Agency with creating a statewide wildfire mitigation strategy, and prioritizing fire prevention grants. Next the measure seeks to create a "fast-pay" program whereby victims of wildfire that are likely caused by utilities would submit claims to a state managed review process and may accept or reject an eventual settlement offer. To provide victims the time to consider filing a claim to the fund, the bill would stay all pending litigation for a period of time. Next the bill aims to crack down on the selling of claims to hedge funds and the pernicious marketing tactics of so called "billboard lawyers." Finally, the measure limits utility executive"s compensation following a wildfire start.

According to the Author
SB 492 includes ten major provisions to improve coordination and prioritization of statewide wildfire prevention efforts, get faster restitution for fire victims, reduce litigation and profiteering that increases the overall cost of wildfires, and strengthen accountability for utility executives to prevent fires.

Arguments in Support
The bill is supported by the Association of California Water Agencies JPA and the Paradise Irrigation District. In support of the bill the supporters jointly state:

> The bill preserves survivors" rights to pursue litigation and discovery- the process by which the origin and cause of a fire, and the responsible party, are actually determined. It also establishes a fast-pay program to get compensation to survivors more quickly, bars utility executives from receiving bonuses in the aftermath of a fire their company causes, and creates a Statewide Community Wildfire Strategy to better coordinate prevention and preparedness efforts.
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> We support SB 492. It is not a perfect bill, but it contains meaningful provisions to protect water agencies and fire victims alike.

Arguments in Opposition
None on file

FISCAL COMMENTS

Unknown

VOTES

SENATE FLOOR: 30-9-1
YES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Reyes, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NO: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Valladares
ABS, ABST OR NV: Strickland

UPDATED

VERSION: August 29, 2026

CONSULTANT: Nicholas Liedtke / JUD. / (916) 319-2334 FN: 0004532