

## SENATE THIRD READING

SB 495 (Allen)

As Amended July 17, 2025

Majority vote

**SUMMARY**

Makes various changes in California's insurance code relevant to the California Department of Insurance (CDI).

**Major Provisions**

- 1) Specifies that in the event of a loss relating to a state of emergency, an insurer shall not require the insured to provide proof of loss sooner than 100 days after the loss.
- 2) Requires that an insurer provide one or more additional extensions of three months for submission of proof of loss for good cause, if the insured, acting in good faith and with reasonable diligence, encounters a delay in approval for the reconstruction of the property beyond the control of the insured, including:
  - a) Unavoidable permit delays.
  - b) Lack of necessary construction materials.
  - c) The unavailability of contractors to perform the necessary work.
  - d) The disability, injury, or incapacity of the insured.
  - e) The inability of the insured to access the insured property as a result of governmental action or because the insured property is located in an area that is exposed to hazardous materials posing a health risk.
- 3) Requires the insurer to provide 60% of the policy limit applicable to the personal property covered under the policy, up to a maximum of \$350,000, when the loss is related to a declared state of emergency, without requiring an itemized claim.
- 4) Requires that on or before March 1, 2026 and by every March 1 thereafter, admitted insurers with premiums from specified lines of \$50,000,000 or more, must submit a report to the Insurance Commissioner, in a specified manner, on their reinsurance placement data and use of catastrophe models for the previous policy year. Reinsurance placement data can include the details of those policies, including the amount of coverage, the risks covered, and the terms of the agreement.
- 5) Specifies that such reports filed on or before March 1, 2026, shall include data from the latest available reinsurance treaty year. Subsequent reports must also include data available from the latest reinsurance treaty year when the report is due.
- 6) Stipulates that insurers must promptly respond to inquiries from the Insurance Commissioner or their representative regarding the report.
- 7) States that the Commissioner must annually post an aggregated report of this data, which does not identify specific insurers, on the Department of Insurance's website.

- 8) Makes findings stating that in order to protect consumers, avoid unfair competitive advantages or disadvantages, and protect proprietary information received by the state under the bill's provisions, that information reported as such must be treated in a confidential manner.
- 9) Specifies that the above information submitted to the Insurance Commissioner is exempt from the California Public Records Act. This information is not subject to subpoena or subpoena duces tecum, and that testimony by the Commissioner, the Commissioner's staff, an employee of the CDI, or a person to whom the reporting was disclosed, regarding the contents of any report submitted is inadmissible as evidence in a civil proceeding.
- 10) Subjects, upon failure to submit the required report mentioned above, an admitted insurer to a civil penalty to be fixed by the Commissioner in an amount not to exceed \$5,000 for each 30-day period that the insurer is not in compliance. If the failure to comply is willful, the civil penalty is to be fixed in an amount not to exceed \$10,000 for each 30-day period that the insurer is not in compliance, but cannot exceed an aggregate amount of \$100,000.
  - a) Requires the Commissioner to collect the amount payable and authorizes the Commission to bring an action in the name of the people of the State of California to enforce collection.
  - b) Specifies these penalties are in addition to other penalties provided by law.
  - c) Authorizes a penalty to be appealed in a court of competent jurisdiction or through a formal hearing under administrative adjudication provisions of the Administrative Procedure Act.
  - d) Provides these provisions are the sole means for enforcement.
- 11) Authorizes an insurer to request, and the Commissioner to grant, a 30-day extension to submit a report if needed due to unintended or unforeseen delays. If the insurer fails to submit a report after the granted 30-day extension has passed, the Insurance Commissioner may find that the failure to submit the report was willful, and increase the civil penalty to an amount not to exceed \$10,000 for each 30-day period that the insurer is not in compliance, but not to exceed an aggregate amount of \$100,000.
- 12) Makes findings and declarations.

## COMMENTS

- 1) *Pacific Palisades and Eaton Catastrophic Wildfires*: This measure is in response to the recent wildfires. AB 495 seeks to accomplish a number of things: gather data regarding reinsurance and the use of probabilistic catastrophic models for the previous year by admitted insurers for certain lines of insurance totaling \$50,000,000. In recognition that this data is proprietary, the bill makes it confidential. The bill also requires insurers to offer 60 percent of the personal property policy coverage limit, maximum of \$350,000 without an itemized claim from the policyholder in the event of a covered total loss of a dwelling resulting from a state of emergency, and provides more time for an insured to provide the insurer with proof of loss.

On February 6, 2025, the Insurance Commissioner issued a notice to all admitted and non-admitted residential property insurance companies asking them to exceed current legal obligations by providing 100 percent, but no less than 75%, of contents coverage limits without the need for policyholders to submit a detailed inventory of their personal property. This notice is an encouragement, not a requirement.

- 2) *AB 3012*: Following catastrophic California wildfires in 2017 and 2018, after thoughtful negotiations, the Legislature passed and the Governor signed AB 3012. This measure addressed at the time one of the biggest complaints of a policyholder following these disasters: contents itemization. Policyholders did not like the requirement that, in order to obtain full replacement value for personal property, a full itemization must be completed and then the items be actually replaced. AB 3012 offered policyholders an approximation of what a normal claim would be without needing to comply with the itemization and actual replacement requirements, while maintaining policyholders' rights to full recovery under the policy terms if the policyholder has a greater claim value than the "no-itemization" formula.

Specifically, AB 3012 as it relates to this measure established an exception to typical insurance policy language that required policyholders to itemize personal property losses and actually replace the destroyed items before being entitled to receive the full replacement value of the property. In the case of a total loss caused by a wildfire which is a declared emergency, the policyholder would be entitled to recover up to 30% of the dwelling structure coverage, up to \$250,000, without inventory or actual replacement of the items. The law allows a policyholder to fully itemize and comply with other policy provisions in order to claim property losses that exceed that amount. Insurers are required to notify the insured of the option if they file a claim following an emergency.

This measure does not limit anyone's coverage and only impacts the inventory list. For example, under existing law, a policyholder is eligible for up to \$250,000 without providing an inventory list but if the policy is covered to \$600,000, the policyholder can still receive the difference by providing an inventory list.

### **According to the Author**

According to the Author: "Under current law, a homeowner experiencing a total loss from a declared emergency may recover an advance payment of 30%, or up to \$250,000, of the coverage limits of the insurance policy without an itemized claim. To receive the remainder of their policy payouts, homeowners are required to undergo the tedious and traumatizing task of creating an itemized list that includes the estimated value, age, and condition of every single item lost in the disaster. Even after policyholders complete a detailed inventory, many insurers only pay the depreciated value of these items unless the policyholder re-purchases and submits receipts for each and every item.

Due to the large scale of the January wildfires, many policyholders have been overwhelmed with the tasks of dealing with housing, family, employment, reconstruction, and other major adverse changes in their lives. SB 495 will ensure victims of future disasters receive expedited relief by removing the burdensome requirement to inventory home contents when filing insurance claims and provide more time for victims to submit proof of loss to their insurers."

### **Arguments in Support**

According to the sponsor, CDI, "The current formula used is 30% of primary structure (dwelling) coverage limits, and is capped at \$250,000. Not only is this formula confusing for

policyholders given it is based on primary structure coverage, but it often results in insufficient payments for properties with higher limits - examples of which were common in the recent Los Angeles wildfires. Policyholders are also required to complete a content inventory and to submit proof of loss to insurers within 60 days of loss. This process is unduly burdensome for policyholders and unrealistic - many policyholders in the recent wildfires did not have access to their insured property for an extended period of time due to unsafe or hazardous conditions."

### **Arguments in Opposition**

None on file.

## **FISCAL COMMENTS**

According to the Assembly Appropriations Committee, costs of approximately \$22,000 in fiscal year (FY) 2025-26, \$34,000 in FY 2026-27, and \$21,000 in FY 2027-28 and annually thereafter to CDI for expanded data collection and reporting activities (Insurance Fund). Additionally, likely absorbable cost pressures to CDI to issue a bulletin or regulations regarding the attestation form (Insurance Fund).

Annual cost pressures (General Fund (GF) or Trial Court Trust Fund (TCTF)) of an unknown amount, potentially in excess of \$150,000, to the courts in additional workload by allowing the IC to bring a civil action to enforce collection of the penalty imposed on an insurer that fails to comply with data reporting requirements and allowing the insurer to appeal the penalty. It is unclear how many civil actions and appeals may be filed statewide, but the estimated workload cost of one hour of court time is \$1,000. Although courts are not funded on the basis of workload, increased pressure on staff and the TCTF may create a demand for increased court funding from the GF to perform existing duties. The Budget Act of 2025 provides \$82 million ongoing GF to the TCTF for court operations.

## **VOTES**

### **SENATE FLOOR: 28-10-2**

**YES:** Allen, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener

**NO:** Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares

**ABS, ABST OR NV:** Archuleta, Reyes

### **ASM INSURANCE: 15-0-2**

**YES:** Calderon, Wallis, Addis, Alvarez, Ávila Farías, Berman, Chen, Ellis, Gipson, Hadwick, Harabedian, Nguyen, Ortega, Petrie-Norris, Michelle Rodriguez

**ABS, ABST OR NV:** Krell, Valencia

### **ASM JUDICIARY: 12-0-0**

**YES:** Kalra, Dixon, Bauer-Kahan, Bryan, Connolly, Harabedian, Macedo, Pacheco, Papan, Sanchez, Stefani, Zbur

**ASM APPROPRIATIONS: 14-0-1**

**YES:** Wicks, Sanchez, Arambula, Calderon, Caloza, Dixon, Elhawary, Fong, Mark González, Ahrens, Pacheco, Pellerin, Solache, Ta

**ABS, ABST OR NV:** Tangipa

**UPDATED**

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