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## SENATE COMMITTEE ON INSURANCE

Senator Stephen Padilla, Chair

2025 - 2026 Regular

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<b>Bill No:</b>	SB 877	<b>Hearing Date:</b>	April 22, 2026
<b>Author:</b>	Pérez		
<b>Version:</b>	January 6, 2026	Introduced	
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Brandon Seto		

**SUBJECT:** Residential property insurance: loss estimate transparency

**DIGEST:** Requires, in the event of a covered loss, that residential property insurers provide all claim-related documents to the policyholder within 15 days of document creation. Such documents must include information about how they may have been altered, and by whom, and provided in a regularly used, accessible manner to the policyholder.

**ANALYSIS:**

*Existing law:*

- 1) Provides the standard form for a fire insurance policy, which insurers use when providing a fire policy.

*Existing regulations:*

- 1) State that insurers must maintain claims data that is accessible, legible, and retrievable for examination, including the claim number, line of coverage, date of loss and date of payment of the claim, date of acceptance, denial or date closed without payment. This data must be available for all open and closed files for the current year and the four preceding years.
- 2) Specify that insurers record such a file the date the licensee received, date(s) the licensee processed and date the licensee transmitted or mailed every material and relevant document in the file.
- 3) Stipulate that insurers must maintain hard copy files or claims files that are accessible, legible and capable of duplication to hard copy files, for the current year and the preceding four years.
- 4) Specify that after receiving notice of claim, every insurer shall in no more than 15 calendar days acknowledge receipt to the claimant unless payment is made within that period of time, provide to the claimant necessary forms, instructions, and reasonable assistance, including, specifying the information the claimant must provide for proof of claim, and begin investigation of the claim.

*This bill:*

- 1) States that in the event of a covered loss under a policy of residential property insurance, the insurer must provide the insured a copy of all claim-related documents within 15 calendar days after the document has been created or generated.

- 2) Requires the claim-related documents provided to the named insured include the loss estimate prepared, beginning with the initial report, estimate, or other document, and each newly printed version, and every version altered in any way. These documents must also be accompanied by the full name and title of every person who made, ordered, reviewed, or approved any such changes along with a detailed explanation of why changes were made.
- 3) Stipulates that these documents are to be provided in the insurer's document portal or through another primary method the insurer uses to communicate with the insured, from which the documents cannot be changed or removed.
- 4) Defines "claim-related documents" as all documents relating to the evaluation of damages, including, repair and replacement estimates and bids, appraisals, scopes of loss, drawings, plans, reports, third-party findings on the amount of loss, covered damages, and cost of repairs, and all other valuation, measurement, and loss adjustment calculations of the amount of loss, covered damage, and cost of repairs.
- 5) Exempts, attorney work product and attorney-client privileged documents, and documents that indicate fraud by the insured or that contain medically privileged information, from the above disclosure requirements.

## Background

*According to the author:*

"SB 877 ensures transparency and accountability for insurance claims by requiring insurance providers to document and disclose all claim documents, including loss estimates, and all document changes to the policy holder. This bill was inspired by fire survivors sharing their firsthand experiences of reductions in their loss estimates which sometimes exceeded as much as \$100,000 per household. Fire survivors, including those from the Eaton Fire, are not asking for a handout, but only for what they are entitled to receive from paying their insurance premiums, for the harms they have experienced. Too many fire survivors have had their recoveries needlessly blocked by their insurance company providers' questionable actions. SB 877 protects homeowners from arbitrary or undisclosed estimate reductions and enables families to secure the funds necessary to remediate damage, rebuild safely, stabilize their lives, and move forward after disaster. If insurers have nothing to hide, they have nothing to fear."

## Suggested Amendments

**10103.8.** (a) In the event of a covered loss under a policy of residential property insurance, ~~the insurer shall provide the named insured a copy of all claim-related documents within 15 calendar days after the document has been created or generated.~~ *the insurer shall notify every claimant that they may obtain, upon request, copies of claim-related documents. For purposes of this section, "claim-related documents" means all documents that relate to the evaluation of damages, including, but not limited to, repair and replacement estimates and bids, appraisals, scopes of loss, drawings, plans, reports, third-party findings on the amount of loss, covered damages, and cost of repairs, and all other valuation, measurement, and loss adjustment calculations, whether preliminary or final, that in any way relate to the amount of loss, covered damage, and cost of repairs. However, attorney work product and attorney-client privileged documents, and documents that indicate fraud by the insured or that contain medically privileged information, are excluded from the documents an insurer is required to provide*

*pursuant to this section to a claimant. Within 15 calendar days after receiving a request from an insured for claim-related documents, the insurer shall provide the insured with copies of all claim-related documents, except those excluded by this section. Nothing in this section shall be construed to affect existing litigation discovery rights.*

Revise the standard form of fire policy to reflect this change.

Delete subdivisions (b), (c), and (d).

### **Related/Prior Legislation**

*SB 876 (Padilla)* would require insurers to develop emergency response plans for disasters, as well as create additional consumer-related provisions for homeowners affected by wildfires by addressing matters related to underinsurance, insurer practices, claims resolution, additional living expenses, personal property contents coverage, and building code upgrades. *This bill is pending in Senate Judiciary Committee.*

*SB 878 (Pérez)* Creates timelines for insurers to acknowledge receipt of claims, make determinations about whether to accept or deny claims, or explain to the need for more time, and subsequently pay the claims. Deems any outstanding amount of a claim not addressed by the insurer to be accepted and imposes penalties for late payment. Beginning January 2028, requires insurers to provide data relevant to their compliance with the bill's provisions to the California Department of Insurance (CDI). Instructs CDI to compile this data, and starting July 2028, post a quarterly report of payment practices by individual insurers. *This bill is pending in Senate Insurance Committee.*

### **ARGUMENTS IN SUPPORT:**

*According to Consumer Watchdog and Every Fire Survivor's Network, sponsors of the bill:*

“SB 877 requires disclosure of all claim documents up front, including original and revised loss estimates, so homeowners can clearly see how their payout was calculated, what changes were made, who made them, and why. If the numbers change, policyholders deserve to know. Insurance companies are already required to keep this information by law. SB 877 simply requires them to proactively provide it to homeowners. Disclosure will be made in the online portal or through another primary method the insurer communicates with the policyholder about the claim.

Insurance is supposed to provide stability. Right now, it is producing instability. After filing a claim, homeowners often see only the insurer's final, reduced version of a loss estimate. They are not given the original estimate, subsequent revisions, or any explanation of what changed, who changed it, or why. These unseen alterations can amount to claim underpayments of \$100,000 or more.

Here's how it happens. A homeowner files a claim and walks the property with the adjuster sent by the insurance company, and together they note all the damage that needs repair. The adjuster works up an estimate but it doesn't go straight to the homeowner. Instead, it's routed for a second review, where a manager who has never set foot on the property decides what stays and what goes. When the estimate finally makes it back to the homeowner, much of the damage they thought was clear and agreed upon has disappeared from the report. But because company policy prohibits adjusters and other contractors from sharing that loss estimate with

homeowners, they have no evidence of what was changed or why. Without transparency, insurers can quietly slash damage estimates and survivors are left in the dark. With transparency, homeowners cannot verify accuracy, challenge errors, and access the full benefits they paid for.”

### **ARGUMENTS IN OPPOSITION:**

*The insurance associations known as the “Trades” state:*

“Claims adjustment is an inherently iterative process. Claim estimates routinely evolve as inspections are completed, pricing data is updated, and scope issues are resolved. Mandating disclosure of every draft, regardless of relevance or finality, would significantly increase administrative burden and divert resources away from timely claim resolution. The bill also risks confusing consumers by flooding them with preliminary and incomplete documents that were never intended to reflect a final valuation or settlement position. Early claims document drafts often change as new information becomes available. Providing multiple evolving estimates without context may fuel misunderstandings, disputes, and mistrust, rather than improving consumer understanding.

SB 877 would further chill internal insurer quality control. Supervisory review and collaboration are essential to ensuring accurate and consistent claims handling. Requiring insurers to identify and justify every internal revision, including naming personnel involved, could discourage routine review and refinement, undermining accuracy and efficiency. Furthermore, naming every person involved in the claims file could create privacy and safety concerns for the people working on these claims in an emotionally heightened environment.

In addition, the bill goes well beyond existing California disclosure requirements, which already provide policyholders with the right to obtain claim-related documents upon request. SB 877 mandates automatic, ongoing disclosure of all drafts, while imposing no comparable obligations on contractors, public adjusters, or other third parties whose estimates are also frequently revised. This one-sided approach risks distorting the claims process rather than improving fairness. Finally, the provision of the bill that requires that documents remain permanently posted and unaltered raises data security and error-correction concerns, particularly given the sensitive property and valuation information contained in these materials.”

### **SUPPORT:**

Consumer Watchdog/Every Fire Survivor’s Network (Sponsors)

350 Conejo/San Fernando Valley

AARP

Affordable Homeownership Foundation INC

Altadena Colab

Americans for Financial Reform

Ballona Wetlands Institute

Bay Area System Change Not Climate Change

Bright Operations

California Community Foundation

California Environmental Voters

California Insurance Commissioner Emeritus Dave Jones

California Nurses Association

Center for Biological Diversity

Center for Community Action & Environmental Justice

Center for Community Action and Environmental Justice  
Climate Defenders  
Consumer Action  
Consumer Attorneys of California  
Consumer Federation of America  
Consumer Federation of California  
Consumer Protection Policy Center  
Courage California  
Defend Ballona Wetlands  
Dena Rise Up  
Eaton Fire Renters Coalition  
Eaton Fire Residents United  
Extreme Weather Survivors  
Food & Water Watch  
Freeport Haven  
Green America  
Jewish Federation of the Greater San Gabriel and Pomona Valleys  
League of California Cities  
Leap of Faith Family to Family Support  
Los Angeles; City of  
My Tribe Rise  
Pasadenans Organizing for Progress  
Public Citizen  
Rancho Cucamonga Chamber of Commerce  
Rise Economy  
Rural County Representatives of California (RCRC)  
San Gabriel Valley Council of Governments (SGVCOG)  
SoCal 350 Climate Action  
Sunflower Alliance  
Team Palisades  
The American Policyholder Association  
United Policyholders  
West Berkeley Alliance for Clean Air and Safe Jobs  
Xtreme Athletics  
545 Individuals

**OPPOSITION:**

American Property Casualty Insurance Association  
Pacific Association of Domestic Insurance Companies  
Personal Insurance Federation of California

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