
SENATE COMMITTEE ON APPROPRIATIONS

Senator Sabrina Cervantes, Chair
2025 - 2026 Regular Session

SB 877 (Pérez) - Residential property insurance: loss estimate transparency

Version: April 27, 2026

Urgency: No

Hearing Date: May 11, 2026

Policy Vote: INS. 6 - 0

Mandate: Yes

Consultant: Janelle Miyashiro

Bill Summary: SB 877 expands the scope of information insurers are required to provide to claimants upon request to include all documents that relate to the evaluation of damages, whether preliminary or final, pertaining in any way to the amount of loss, covered damage, and cost of repairs pursuant to the California Standard Form Fire Insurance Policy.

Fiscal Impact:

- The California Department of Insurance (CDI) reports costs of \$29,000 in Fiscal Year (FY) 2026-27 and \$48,000 in FY 2027-28 to review new homeowner rate filings (Insurance Fund).
- Unknown potential increase in enforcement workload for CDI. To the extent that the bill's expanded disclosure requirements lead to significant non-compliance or a high volume of complaints, there may be corresponding cost pressures to CDI related to its investigative and enforcement activities.

Background: The California Standard Form Fire Insurance Policy serves as the foundational template for all fire insurance contracts issued within the state. It mandates the exact language, terms, and conditions that must be included in any policy covering the peril of fire. Insurers are generally prohibited from removing or changing the standard form's required language.

While companies may bundle fire insurance with other types of coverage, they are only allowed to deviate from the standard form if the new policy provides the consumer with protections that are at least equal to, or better than, what is mandated by the standard form. In this way, the standard form acts as a legal floor, ensuring that while insurers can offer more generous terms, they cannot offer less.

Beyond coverage terms, the standard form provides procedural safeguards that require insurers to maintain clear and timely communication throughout the claims process. Specifically, the standard form requires insurers to notify claimants of their right to obtain, upon request, copies of claim-related documents.

Under the existing standard form, "claim-related documents" are defined as all documents that relate to the evaluation of damages. This includes, but is 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 of the amount of loss, covered damage, and cost of repairs.

Proposed Law: Expands the definition of “claim-related documents” under the California Standard Form Fire Insurance Policy to include all documents that relate to the evaluation of damages, whether preliminary or final, that relate in any way to the amount of loss, covered damage, and cost of repairs.

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