Date of Hearing: June 17, 2026

ASSEMBLY COMMITTEE ON INSURANCE
Lisa Calderon, Chair
SB 877 (Pérez) – As Amended June 10, 2026

SENATE VOTE: 35-0

SUBJECT: Residential property insurance: loss estimate transparency

SUMMARY: Modifies the definition of "claims-related documents" within the standard fire insurance policy form to clarify loss adjustment calculations includes preliminary or final documents that relate to the amount of loss, covered damage, and cost of repairs.

EXISTING LAW:

1) Establishes the California Standard Form Fire Insurance Policy. (Insurance Code, Section 2071)

2) Requires an insurer to notify every claimant that they may obtain, upon request, copies of claim-related documents. (Insurance Code, Section 2071)

3) Defines "claim-related documents" as 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 of 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. (Insurance Code, Section 2071)

4) Requires an insurer to provide all claim-related documents within 15 days following a request from an insured. (Insurance Code, Section 2071)

5) States 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. (10 CCR, Section 2695.3)

6) Stipulates 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. (10 CCR, Section 2695.3)

7) Specifies 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. (10 CCR, Section 2695.5)

FISCAL EFFECT: Unknown

COMMENTS:

1) *Purpose of the bill*: 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, 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."

2) *Background*: This bill revises the standard form fire insurance policy to clarify when a loss occurs the insured is provided all claim-related documents once requested. The Palisades and Eaton wildfires highlighted a number of challenges faced by the survivors. This measure attempts to address one of the challenges by improving transparency for the insured. By revising and clarifying the definition of "claim-related documents," the intent would be to provide the insured with more information throughout the claims process.

   Existing law requires the insurer to share all claim- related documents within 15 days of the request. Additionally, insurers are required to maintain all claim-related documents including loss estimates and any revisions to those estimates.

   In 2023, Florida passed SB 7052, an insurer accountability measure which addressed claims handling. The measure required insurers to follow proper claims handling by prohibiting alteration or amendment of an adjuster's report without providing a detailed explanation as to why any change that has the effect of reducing the estimate of the loss was made. The insurer must also either create a list of changes and who made the change or retain all versions of the report.

REGISTERED SUPPORT / OPPOSITION:

Support

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
Bayardo Strategies LLC
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 and Environmental Justice (CCAEJ)
Climate Defenders
Consumer Action
Consumer Attorneys of California
Consumer Federation of America
Consumer Federation of California
Consumer Protection Policy Center
Consumer Watchdog
Courage California
Defend Ballona Wetlands
Dena Rise Up
Eaton Fire Renters Coalition
Eaton Fire Residents United
Every Fire Survivor's Network
Extreme Weather Survivors
Extreme Weather Survivors Action Fund
Food & Water Watch
Freeport Haven
Green America
Individual
Jewish Federation of the Greater San Gabriel and Pomona Valleys
League of California Cities
Leap of Faith Family to Family Support
My Tribe Rise
Office of Los Angeles Mayor Karen Bass
Pasadenans Organizing for Progress
Public Citizen
Rise Economy
Rural County Representatives of California (RCRC)
So Cal 350 Climate Action
Socal350 Climate Action
Sunflower Alliance
Team Palisades
The American Policyholder Association
West Berkeley Alliance for Clean Air and Safe Jobs
Xtreme Athletics

Opposition

None on file.

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