SENATE THIRD READING
SB 877 (Pérez)
As Amended June 10, 2026
Majority vote

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.

Major Provisions

COMMENTS

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 (Chapter No. 2023-172), 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.

According to the Author
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."

Arguments in Support
According to the sponsor, Consumer Watchdog, "SB 877 requires disclosure of all claim documents, including original and revised loss estimates, so homeowners can clearly see how

their payout was calculated and if changes were made. If the numbers change, policyholders deserve to know."

Arguments in Opposition
None on file.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, costs of approximately $29,000 in fiscal year (FY) 2026-27 and $48,000 in FY 2027-28 to the California Department of Insurance (CDI) to review new homeowners insurance filings submitted by insurers to reflect the updated standard policy form (Insurance Fund).

Additionally, costs of an unknown amount, potentially in excess of $150,000, to CDI for increased administrative, investigation, and enforcement workload to the extent there is significant insurer non-compliance with expanded disclosure requirements or a high volume of related consumer complaints (Insurance Fund).

VOTES

SENATE FLOOR: 35-0-5
YES: Allen, Archuleta, Arreguín, Ashby, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Dahle, Durazo, Gonzalez, Grayson, Hurtado, Laird, Limón, McGuire, McNerney, Menjivar, Niello, Ochoa Bogh, Padilla, Pérez, Reyes, Richardson, Rubio, Seyarto, Smallwood-Cuevas, Stern, Strickland, Umberg, Valladares, Wahab, Weber Pierson, Wiener
ABS, ABST OR NV: Alvarado-Gil, Becker, Choi, Grove, Jones

ASM INSURANCE: 16-0-1
YES: Calderon, Wallis, Addis, Papan, Ávila Farías, Berman, Ellis, Gipson, Hadwick, Harabedian, Krell, Nguyen, Ortega, Petrie-Norris, Michelle Rodriguez, Valencia
ABS, ABST OR NV: Chen

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Arambula, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

UPDATED

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