

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

SB 495 (Allen)
Version: March 26, 2025
Hearing Date: April 29, 2025
Fiscal: Yes
Urgency: No
AM

SUBJECT

Insurance

DIGEST

This bill requires an admitted insurer in a group with written premiums in the prior year from certain lines totaling \$50,000,000 or more to submit a report to the Insurance Commissioner on its reinsurance placement data and use of probabilistic catastrophic models for the previous year, as provided, and states that the information submitted is confidential. The bill authorizes the imposition of civil penalties for failure to submit the report and specifies how an admitted insurer can appeal such a penalty. The bill also requires insurers to offer 100 percent of the personal property policy coverage limit 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 extends the deadline for a policyholder to provide the insurer with proof of loss from 60 to 180 days.

EXECUTIVE SUMMARY

In January 2025, a number of deadly wildfires in Los Angeles, including the Palisades and Eaton fires, collectively burned over 39,000 acres,¹ caused at least 30 deaths,² destroyed over 16,000 structures, and resulted in property damage estimates ranging from \$28 to \$53.8 billion.³ This bill is brought in response to these fires. The bill seeks to 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 100 percent of the personal property policy coverage limit without an itemized claim from the policyholder in the event of a

¹ Governor's Exec. Order No. N-4-25 (Jan. 12, 2025).

² Jesus Jiménez, *L.A. Fires Death Toll Rises to 30 After Remains Are Found*, L.A. Times, (Apr. 3, 2025), available at <https://www.nytimes.com/2025/04/03/us/la-fires-death-toll.html>.

³ *Palisades and Eaton wildfires caused up to \$53.8 billion in property damage, study finds*, The Orange County Register, (Feb. 27, 2025), available at <https://www.ocregister.com/2025/02/27/palisades-and-eaton-wildfires-caused-up-to-53-8-billion-in-property-damage-study-finds/>.

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. The bill is sponsored by Insurance Commissioner Ricardo Lara, and supported by Consumer Watchdog and United Policyholders. The bill is opposed by the American Property Casualty Insurance Association, the National Association of Mutual Insurance Companies, the Pacific Association of Domestic Insurance Companies, and the Personal Insurance Federation of California. The bill passed the Senate Insurance Committee on a vote of 5 to 2.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Provides for the regulation of insurance by the California Department of Insurance (CDI), which is under the control of the Insurance Commissioner (Commissioner). (Ins. Code § 12921.)
- 2) Authorizes the Commissioner to issue subpoenas and subpoenas duces tecum for witnesses to attend, testify, and produce documents before the Insurance Commissioner, on any subject touching the insurance business, or in aid of their duties. (Ins. Code § 12924.)
- 3) Provides that the acts and orders of the Commissioner are subject to such review, or other action by a court of competent jurisdiction, as is permitted or authorized by law. (Ins. Code § 12940.)
- 4) Requires an admitted insurer with written California premiums totaling \$10,000,000 or more to submit a report to the Commissioner on its residential property experience data for the previous two years for policies written in California, including information on fire- or wildfire-incurred losses. (Ins. Code § 929.)
 - a) Specifies that the above information submitted to the Commissioner is confidential and exempt from the California Public Records Act (CPRA); that information is not subject to subpoena or subpoena duces tecum; and that testimony by the Commissioner, the Commissioner's staff, an employee of 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. (Ins. Code § 929.1.)
 - b) Requires the Commissioner to post a report on wildfire risk compiled from the data on the CDI's website. (Ins. Code § 929.2.)
- 5) Requires an insurer to offer a payment under the contents coverage, generally referred to as personal property coverage, in an amount no less than 30 percent of the policy limit of the covered dwelling structure, up to \$250,000, without requiring the insured to file an itemized claim in the event of a covered total loss of a primary

dwelling resulting from a state of emergency under a residential property insurance policy. (Ins. Code § 10103.7(b).)

- 6) Defines “state of emergency” as the duly proclaimed existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions such as air pollution, fire, flood, storm, epidemic, riot, drought, cyberterrorism, sudden and severe energy shortage, electromagnetic pulse attack, plant or animal infestation or disease, the Governor’s warning of an earthquake or volcanic prediction, or an earthquake, or other conditions, other than conditions resulting from a labor controversy or conditions causing a “state of war emergency,” which, by reason of their magnitude, are or are likely to be beyond the control of the services, personnel, equipment, and facilities of any single county, city and county, or city and require the combined forces of a mutual aid region or regions to combat, or with respect to regulated energy utilities, a sudden and severe energy shortage requires extraordinary measures beyond the authority vested in the Public Utilities Commission. (Ins. Code § 2051.5; Gov. Code § 8558.)
- 7) Requires the insured to provide the insurer a written proof of loss within 60 days following the loss, unless this timeframe is extended by the insurer. (Ins. Code § 6010.)

This bill:

- 1) Establishes the Insurance and Climate Risk Market Intelligence Act (Act), which requires on or before March 1, 2026, and annually thereafter, an admitted insurer in a group with written premiums in the prior year from fire, allied lines, private flood, homeowners, farmowners, and commercial nonliability lines totaling \$50,000,000 or more to submit a report to the commissioner on its reinsurance placement data and use of probabilistic catastrophic models for the previous year for policies, as specified.
- 2) Specifies that the above information submitted to the Commissioner is confidential and exempt from the CPRA.
 - a) This information is not subject to subpoena or subpoena duces tecum, and that testimony by the Commissioner, the Commissioner’s staff, an employee of 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.
- 3) Failure to submit the report under 1, above, subjects 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) Authorize 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 sole means for enforcement of the Act.
- 4) 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.
- a) 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.
- 5) Requires the Insurance Commissioner to post to the CDI's website an aggregated report based on the data collected under the Act.
- a) Specifies that the aggregated report cannot identify an individual respondent or insurer and must be updated every year to reflect new data submitted by an insurer.
- 6) Makes legislative findings and declarations related to the state's interest in understanding the trends in insurance markets and the reinsurance strategies and models used by insurance companies, to expand the writing of insurance policies, and understand the systemic risk to the solvency of insurance companies that write policies in wildfire-distressed areas.

COMMENTS

1. Stated need for the bill

The author writes:

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. Some insurance companies are requiring that policyholders complete the itemized inventory and submit proof of loss within 60 days of the damage or destruction of their homes. This has proven to be unrealistic for policyholders experiencing total loss in these wildfires. Unsafe and hazardous conditions prevented homeowners from accessing their property to survey damage for nearly a month after the wildfires.

SB 495 will expedite relief to victims of future disasters by removing the burdensome requirement to inventory home contents when filing insurance claims for coverage they have been paying for and provide more time for victims to submit proof of loss to their insurers.

Ricardo Lara, Insurance Commissioner, the sponsor of the bill writes:

[...]This bill would, in the event of a declared emergency, require insurers to pay 100% of personal property (contents) coverage limits to policyholders who experience a total loss without requiring policyholders to submit a detailed inventory for at least 180 days. The goal is to make the process clearer, more supportive, and less burdensome for policyholders who are already navigating a traumatic experience. This bill will also require insurers to provide my Department annual, point in-time reinsurance and catastrophe model data for policies written in California for the previous year.

The heartbreak and challenges facing families and communities from wildfires across California are a stark reminder of how deeply these disasters impact all of us. These events have shown how the current formula for calculating payments to homeowners who are experiencing total loss due to a declared emergency are insufficient. 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.

As part of an effort to safeguard consumers following the 2025 wildfires in Southern California, I released a Notice that encouraged insurers to go beyond what is

required under existing law and requested at least 75% and up to 100% of personal property coverage limits without an itemized list. My Department determined most homeowner's insurance companies responded positively to my call. Like similar events in 2018 and 2019 following the wildfires in Northern and Southern California, the majority of homeowners insurance companies agreed to provide no less than 75% of contents coverage without a detailed inventory, including some who agreed to provide 100%. This collective response from insurers demonstrates that refining our current laws and policies to provide consumer protections will provide the support Californians need to recover and rebuild with dignity.[...]

2. Insurance and Climate Risk Market Intelligence Act – provisions in this Committee's jurisdiction

This bill is brought in response to the January 2025 Los Angeles wildfires. The provisions of the bill in this Committee's jurisdiction are the provisions related to the confidentiality of information submitted to the Insurance Commissioner and the limitation on access to public records and the imposition of new civil penalties. The bill specifies that information submitted to the Insurance Commissioner under the Act is confidential and exempt from the CPRA. Additionally, the bill provides that this information is not to be subject to subpoena or subpoena duces tecum, and that testimony by the Insurance Commissioner, the Insurance Commissioner's staff, an employee of CDI, or a person to whom the reporting was disclosed regarding the contents of any report submitted under the Act is inadmissible as evidence in a civil proceeding. This provision is identical to the one found in the statutes that requires reporting on residential property experience data in Section 929 of the Insurance Code.

a. Confidentiality and public records

Under the CPRA, public records are open to inspection by the public at all times during the office hours of the agency, unless they are exempt from disclosure. (Gov. Cod § 7922.525.) A "public record" is defined as any writing containing information relating to the conduct of the public's business that is prepared, owned, used, or retained by any public agency regardless of physical form or characteristics. (Gov. Code § 7920.530.) There are several general categories of documents or information that are permissively exempt from disclosure under the CPRA essentially due to the character of the information. The exempt information can be withheld by the public agency with custody of the information, but it also may be disclosed if it is shown that the public's interest in disclosure outweighs the public's interest in non-disclosure of the information. (*CBS, Inc. v. Block* (1986) 42 Cal.3d 646, at 652.). Additionally, some records are prohibited from disclosure or are specifically stated to not be public records. (*see* Gov. Code § 7924.110(a).) Under the CPRA, any examination, operating, or condition reports prepared by, on behalf of, or for the use of, CDI are not required to be disclosed, nor is any information received in confidence by CDI. (Gov. Code § 7929.000.)

California generally recognizes that public access to information concerning the conduct of the people's business is a fundamental and necessary right.⁴ At the same time, the state recognizes that this right must be balanced against the right to privacy.⁵ The general right of access to public records may, therefore, be limited when records include sensitive information. The bill's legislative findings on the need for limiting access to public records seem warranted in light of the fact that the CPRA already provides protections for confidential information received by CDI, and the stated need to protect consumers, avoid unfair competitive advantages or disadvantages, and protect proprietary information.

b. Civil penalties

This bill provides that failure to submit the required report under the Act subjects an admitted insurer to a civil penalty. The penalty is to be fixed by the Insurance 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. The bill provides that an admitted insurer can appeal the penalty either through a court of competent jurisdiction or in a formal hearing under the Administrative Procedures Act. (Ins. Code § 12940; Gov. Code §§ 11500 et seq.) Both appeal procedures will provide adequate due process to an admitted insurer – notice and an opportunity to be heard. (*Matthews v. Eldridge* (1976) 424 U.S. 319.)

3. Statements in support

United Policyholders, a supporter of the bill, writes:

[...]SB 495 will improve on previous efforts to ameliorate one of the biggest pain points for homeowners who lose their homes and all their possessions in a wildfire: The onerous policy condition that compels them to go through the emotionally draining, time-consuming and absurd process of itemizing and valuing every single item they lost in order to collect the personal property insurance benefits owed to them. A primary reason it is so chronically painful and hard to comply with this condition is that it re-traumatizes people who are trying to heal. And where a homeowner has suffered a total loss and all their personal property is gone - there is a strong logical argument that they should be paid their full contents/personal property policy limits without having to comply with this bureaucratic and burdensome requirement.[...]

⁴ Cal. Const., art. I, § 3; Gov. Code, § 7921.000.

⁵ Cal. Const., art. I, § 1.

This bill will once and for all free people who have lost everything in a wildfire from the absurd obligation to compile exhaustive itemized lists – often hundreds of pages long, just to collect policy benefits they’ve paid for. SB 495 removes this burden and allows survivors to appropriately focus on getting rehoused and replacing their possessions by requiring insurers to pay 100% of personal property limits without an itemized inventory after a total loss in a declared emergency.

The bill also extends the deadline for submitting proof of loss to 180 days – with flexibility for further extensions – recognizing the realities of post-disaster life.

Additionally, we commend the bill's provision that gives the California Department of Insurance the authority to gather data on insurers' use of reinsurance, catastrophe modeling, and other wildfire-related risk tools. This data will help policymakers and regulators protect both consumers and the long-term stability of the state’s insurance market.

4. Statements in opposition

The American Property Casualty Insurance Association, the National Association of Mutual Insurance Companies, the Pacific Association of Domestic Insurance Companies, and the Personal Insurance Federation of California write in opposition, stating they:

are opposed to SB 495 which would require insurers to pay 100% of a policy’s content coverage without an inventory and impose burdensome reporting requirements of confidential information on insurers.

SB 495 would require insurers to pay 100% of contents coverage without an inventory after their home is destroyed by wildfire. Additionally, this bill as outlined will give consumers additional time, at least 180 days, to provide proof of their loss to their insurance company following a declared state of emergency.

California residents are clearly concerned about the cost of living, and insurers have become constrained in their ability to provide coverage to homeowners because of outdated rate setting rules that will be improved through Commissioner Lara’s Sustainable Insurance Strategy (SIS). SB 495 would drastically increase the cost of insurance because it requires payments that are far in excess of what they actually lost in personal property. These large overpayments will show up in form of higher rates for all consumers. The bill will also create different payments between similarly situated consumers which is generally prohibited in insurance law.[...]

Under the provisions of SB 495, [similarly situated] policyholders could get vastly different contents coverage payments based on how their insurance companies

determine contents coverage. People living next to each other in identical houses could get vastly different contents coverage.

The trades are opposed to SB 495 because it will make insurance significantly more expensive for millions of Californians at a time families are already struggling with the high cost of living, and it would result in serious inequities between similarly situated consumers.

SUPPORT

Ricardo Lara, Insurance Commissioner (sponsor)
Consumer Watchdog
Pacific Palisades Community Council
United Policyholders
16 individuals

OPPOSITION

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

RELATED LEGISLATION

Pending Legislation: SB 616 (Rubio, 2025 establishes the Community Hardening Commission as an independent unit within the CDI to, among other things, develop new wildfire community hardening, as specified. SB 616 is currently pending in the Senate Appropriations Committee.

Prior Legislation:

AB 844 (Gipson, Ch. 347, Stats. 2023) required CDI to implement specific data collections on the availability and affordability of insurance for heavy-duty trucks and truck fleets and made that information confidential, not subject to subpoena, or admissible in testimony in a civil proceeding, as provided.

AB 3012 (Wood, Ch. 258, Stats. 2020), among other provisions, required the insurer to pay at least 30% of the dwelling structure coverage, up to \$250,000, without an inventory of the items if a loss resulted from a state of emergency and an insured filed a claim for lost or damaged contents of a home.

SB 894 (Dodd, Ch. 618, Stats. 2018) allowed a homeowner to use the full replacement value of other structures in a destroyed home to rebuild the insured structure without having to actually replace the destroyed other structures, and authorized a policyholder

to claim an amount of contents coverage calculated as 30 percent of the limit of coverage for the insured dwelling without providing an inventory of the lost contents.

PRIOR VOTES:

Senate Insurance Committee (5 Ayes, 2 Noes)
