

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: February 27, 2026

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso *Sharon M. Tso for* Council File No.: 26-0002-S3
Chief Legislative Analyst Assignment No.: 26-02-0130

SUBJECT: Resolution (Rodriguez - Lee) to SUPPORT SB 876 (Padilla).

CLA RECOMMENDATION: Adopt Resolution (Rodriguez - Lee) to include in the City's 2025-2026 State Legislative Program SUPPORT for SB 876 (Padilla), which would reform the insurance claim process by improving the timeliness of claim payments and strengthening consumer protections.

SUMMARY

On February 3, 2026, a Resolution (Rodriguez – Lee) was introduced in support of SB 876 (Padilla), which would reform the insurance claim process by improving the timeliness of claim payments and strengthening consumer protections. The Resolution highlights that Southern California wildfires exposed deep weaknesses in a decades-old framework of insurance regulation and enforcement, and that in the aftermath of the wildfires, survivors have continued to experience systemic difficulties in obtaining insurance benefits, citing delays, denials, and inadequate communication from insurance providers.

The Resolution, therefore, seeks an official position of the City of Los Angeles to support SB 876 (Padilla), which would reform the insurance claim process by improving the timeliness of claim payments and strengthening consumer protections, thereby safeguarding homeowners from insurer roadblocks.

BACKGROUND

California has experienced repeated catastrophic wildfire events that exposed systemic challenges within the residential insurance claims process, including delayed claim payments, underinsurance, disputes over rebuilding costs, and inconsistent claims handling practices. Data from the California Department of Insurance (DOI) indicates wildfire insurance claims have exceeded twenty-two billion dollars state wide, underscoring the scale of financial recovery issues faced by affected homeowners. Moreover, wildfire survivors and consumer advocates have reported ongoing difficulties accessing insurance benefits, including prolonged displacement caused by payment delays and coverage shortfalls. Investigations into insurer practices have identified concerns related to opaque valuation methods and insufficient replacement coverage following disasters.

SB 876 (Padilla) was introduced to modernize California's insurance claims framework and strengthen consumer protections following declared disasters. The measure is intended to establish

clearer standards governing insurer preparedness, claim handling timeliness, and coverage adequacy to improve recovery outcomes for policyholders impacted by large-scale emergencies. SB 876 (Padilla) proposes several structural reforms to insurance coverage and claims administration.

Included in the reform are expanded replacement coverage requirements which would require insurers to offer at least fifty percent extended replacement cost coverage to address underinsurance. The bill would also double fines for insurance companies that violate fair claims practices during declared emergencies and require that restitution be paid directly to policyholders. Additionally, delays resulting from the assigning of multiple adjusters would be addressed by requiring insurers to provide a status report to the homeowner within five days of assigning a new adjuster.

Notably, the bill would require insurance companies to submit and periodically update a “disaster recovery plan” to the DOI in advance, outlining how they would meet timelines during emergency situations. SB 876 (Padilla) would also double policy limits for Additional Living Expenses during disasters and mandate upfront payments for structure replacement costs following a total loss. Furthermore, the bill would modernize rebuilding by ensuring that mandatory building code upgrade coverage would apply at the time of the rebuild rather than the time of the loss, ensuring homeowners can afford to meet current safety standards.

In turn, SB 876 (Padilla) represents a statewide legislative effort to strengthen consumer protections and improve the efficiency and reliability of insurance recovery processes following catastrophic disasters, with implications for local jurisdictions managing wildfire recovery and resilience planning

BILL STATUS

01/06/2026 Introduced.
02/11/2026 Referred to Coms. on INS. and JUD.



Monét A. Padilla
Analyst

Attachment: Resolution (Rodriguez – Lee)

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council; and

WHEREAS, the 2025 Southern California wildfires exposed deep weaknesses in a decades-old framework of insurance regulation and enforcement; and

WHEREAS, in the aftermath of the wildfires, survivors have continued to experience systemic difficulties in obtaining insurance benefits, citing delays, denials, and inadequate communication from insurance providers; and

WHEREAS, SB 876 (Padilla) would directly respond to wildfire survivors' call for comprehensive reform in the insurance claim process by improving payouts, cutting red tape, and putting an end to runarounds by insurance companies; and

WHEREAS, SB 876 (Padilla) would address wildfire survivor concerns in a multifaceted approach by requiring a "disaster recovery plan" from insurers, doubling penalties during a declared emergency, mandating restitution payments from insurance companies, addressing delays caused by the assignment of multiple adjusters, expanding policy limits for Additional Living Expenses in a declared disaster, expanding up-front payments, providing adequate recovery funds, and laying the foundation for safer rebuilding by applying mandatory building code upgrade coverage at the time of rebuild; and

WHEREAS, this legislation would build on recently enacted laws that established a new grant program for wildfire mitigation measures in homes, expanded insurance discounts, sped up claim payouts, extended non-renewal moratorium protections to businesses, and provided additional financial support to the California Fair Access to Insurance Requirements (FAIR) Plan;

NOW, THEREFORE, BE IT RESOLVED, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2025 - 2026 State Legislative Program SUPPORT for SB 876 (Padilla) relative to reforming the insurance claim process by improving the timeliness of claim payments and strengthening consumer protections, thereby safeguarding homeowners from insurer roadblocks.

PRESENTED BY: Monica Rodriguez
MONICA RODRIGUEZ
Councilwoman, 7th District

SECONDED BY: J.S.L.

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