


**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 
Chief Legislative Analyst

Council File No.: 26-0002-S4
Assignment No.: 26-02-0131

SUBJECT: Resolution (Rodriguez - Park) to SUPPORT SB 878 (Pérez) the Insurance Payment Accountability Act.

CLA RECOMMENDATION: Adopt Resolution (Rodriguez - Park) to include in the City's 2025-2026 State Legislative Program SUPPORT for SB 878 (Pérez) the Insurance Payment Accountability Act, which would codify specified Department of Insurance (DOI) regulations related to deadlines by which an insurer is required to, among other things, respond to a notice of claim, accept or deny a claim, in whole or in part, and upon acceptance of a claim in whole or in part, tender payment or otherwise take action to perform its obligation, as specified.

SUMMARY

On February 3, 2026, a Resolution (Rodriguez - Park) was introduced in support of SB 878 (Pérez), which would codify specified Department of Insurance (DOI) regulations related to deadlines by which an insurer is required to, among other things, respond to a notice of claim, accept or deny a claim, in whole or in part, and upon acceptance of a claim in whole or in part, tender payment or otherwise take action to perform its obligation, as specified.

The Resolution provides that the DOI regulates the business of insurance in the State and that existing regulations promulgated by the DOI establish deadlines by which an insurer is required to respond to, accept, or deny a claim. The Resolution notes that in the wake of the Palisades and Eaton fires, there have been numerous complaints by insured individuals indicating their insurer has not responded to their claims in a timely manner.

The Resolution, therefore, seeks an official position of the City of Los Angeles to support SB 878 (Pérez), which would codify specified Department of Insurance (DOI) regulations related to deadlines by which an insurer is required to, among other things, respond to a notice of claim, accept or deny a claim, in whole or in part, and upon acceptance of a claim in whole or in part, tender payment or otherwise take action to perform its obligation, as specified, and thereby improve visibility into the claims process and ensure that insurers promptly address claims in the future.

BACKGROUND

Following major California wildfires, policyholders have reported significant delays in insurance claim processing, including slow acknowledgment of claims, prolonged investigations, delayed payments, and inconsistent communication from insurers. Although the DOI already regulates

claims related to timelines through administrative regulations, stakeholders' concerns highlight, among other issues, that existing deadlines lack strong statutory enforcement, penalties for late payments are limited, and policyholders often bear financial hardship while awaiting claim resolution. SB 878 (Pérez) aims to address these concerns by converting regulatory requirements into enforceable statutory obligations and strengthening accountability mechanisms.

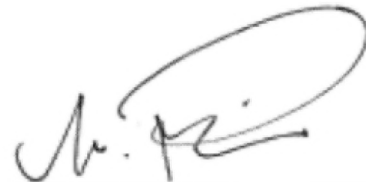
SB 878 (Pérez) would create a new statutory framework in the Insurance Code which would apply to fire insurance claims arising on or after January 1, 2027, allowing for the penalization of unjustified payment delays with interest, require timely identification and explanation of disputed items, mandate payment of all undisputed claim amounts, and in turn, strengthen accountability to prevent prolonged and unresolved insurance claims. Specifically, the bill would require insurers to acknowledge a claim within 15 calendar days, accept or deny a claim within 40 calendar days after proof of claim, and issue payment within 30 days after accepting a claim.

Should insurers fail to meet the codified deadlines, they would be liable for twenty percent annual interest on late payments, including reasonable attorney's fees owed to the insured. Additionally, beginning in 2028, insurers would be required to submit quarterly prompt-payment compliance reports to the DOI and allow the DOI to publish insurer-specific compliance data publicly online.

Consequentially, SB 878 (Pérez) seeks to strengthen consumer protections following wildfire disasters by transforming existing insurance claim-handling regulations into enforceable statutory requirements, imposing meaningful penalties for delayed payments, and increasing public transparency regarding insurer compliance.

BILL STATUS

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



Monét A. Padilla
Analyst

Attachment: Resolution (Rodriguez - Park)

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, existing law creates the California Department of Insurance, headed by the Insurance Commissioner, and generally regulates the business of insurance in the State; and

WHEREAS, existing regulations by the Department of Insurance set deadlines by which an insurer is required to, among other things, respond to a notice of claim, accept or deny a claim, in whole or in part, and, upon acceptance of a claim in whole or in part, tender payment or otherwise take action to perform its obligation, as specified; and

WHEREAS, in the wake of the Palisades and Eaton fires, there have been numerous complaints by insured individuals that their insurer has not responded to their claims in a timely manner; and

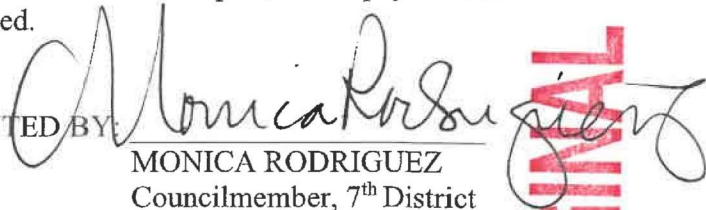
WHEREAS, SB 878 (Pérez) would codify the regulations related to deadlines in State law for claims arising after January 1, 2027; and

WHEREAS, SB 878 would require insurers to provide prompt-payment compliance data reports quarterly beginning in January 2028, and require a corporate officer of the insurer to sign the report under penalty of perjury; and

WHEREAS, SB 878 will provide additional transparency and ensure that insurers are quickly addressing claims in the future;

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 878 (Pérez) which would codify specified Department of Insurance regulations related to deadlines by which an insurer is required to, among other things, respond to a notice of claim, accept or deny a claim, in whole or in part, and upon acceptance of a claim in whole or in part, tender payment or otherwise take action to perform its obligation, as specified.

PRESENTED BY:


MONICA RODRIGUEZ
Councilmember, 7th District

SECONDED BY:



ORIGINAL

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FEB 03 2026