



917 Irving St.
San Francisco, CA 94112
415.393.9990
www.uphelp.org

March 23, 2026

The Honorable Senator Steve Padilla
Senate Insurance Committee Chair
1021 O Street, Suite 7630
Sacramento, CA 95814

The Honorable Senator Sasha Renee Pérez
1021 O Street, Suite 6720
Sacramento, CA

The Honorable Senator Ben Allen
1021 O Street, Suite 7610
Sacramento, CA

Submitted via Legislative Portal

RE: SB 878 (Perez) – Insurance Business Practices – Support

Dear Senator Padilla:

I write on behalf of the non-profit organization United Policyholders to express support for SB 878. This bill seeks to deter insurers from delaying payments to claimants where liability is reasonably clear by making it less lucrative for them to “ride the float” to boost profits.¹

We all benefit when insurers pay covered claims promptly and in full. Damaged and destroyed assets get repaired or replaced, loss victims can get on with their lives, restore their assets and get back home. There’s less demand on charitable and government aid programs, fewer costly disputes, less litigation, more confidence in the insurance system. Timely claim payments, like on-time trains and flights, keep the wheels turning in the right direction to restore assets, quality of life and communities.

While California’s Insurance Code and Fair Claim Settlement Regulations set forth a clear 40 day deadline for insurers to pay or deny claims, delayed payments are very common. While all undisputed amounts owed to policyholders are supposed to be paid promptly,² those deadlines rarely get strictly complied with and are routinely extended for many reasons, some not transparent to claimants.

This measure strengthens accountability and timely claims payment standards for fire insurance claims by codifying existing regulatory deadlines and consequences for noncompliance.

Through our Roadmap to Recovery® program, United Policyholders works directly with California wildfire survivors to help them navigate the claim process. Delayed claim decisions and payments remain one of the most persistent barriers to recovery. While California regulations already require prompt acknowledgment, investigation, acceptance, and payment of claims, those rules are too often treated as aspirational rather than enforceable.

¹ https://www.npr.org/sections/money/2010/03/warren_buffett_explains_the_ge.html, <https://finmasters.com/warren-buffett-insurance-float/#gref>

² 10 CCR § 2695.7§ 2695.7. Standards for Prompt, Fair and Equitable Settlements.



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SB 878 appropriately codifies these timelines in statute and ensures that insurers who fail to comply are responsible for interest. It also provides for reasonable attorney's fees on amounts owed, however, we respectfully suggest this provision needs more detail as to how and when those fees would be payable and what enforcement/judicial body would make the determination that they're recoverable.

The bill also requires quarterly reporting of prompt-payment compliance data, certified under penalty of perjury by a corporate officer and published by the Department of Insurance. Public reporting will create transparency, deter systemic delays, and allow regulators and policymakers to identify patterns of noncompliance. These provisions promote adherence to existing standards without expanding coverage obligations.

SB 878 reinforces clear expectations that already exist in regulation and ensures that those expectations are consistently met.

We respectfully urge your support for SB 878.

Sincerely,

A handwritten signature in cursive script that reads "Amy Bach".

Amy Bach, Executive Director
United Policyholders