



April 13, 2026

Senator Steve Padilla
 Chair, Insurance Committee
 1020 N St. Room 258
 Sacramento, CA 95814

Re: SB 878 (Pérez) – The Insurance Payment Accountability Act – SUPPORT

Dear Chair Padilla,

On behalf of the wildfire survivor, consumer, environmental, civil and economic justice, small business, labor, and community organizations below, we write in strong support of SB 878 – the Insurance Payment Accountability Act – to strengthen timely claims-payment laws by imposing automatic interest penalties to deter insurer delays.

Prompt payouts of the insurance benefits families are owed is critical to timely recovery after a disaster. Yet a full year after the fires, nearly 2 in 5 insured [Los Angeles fire survivors report](#) that inconsistent and delayed insurer communications continue to stand in the way of their recovery. [Hundreds of direct survivor accounts](#) document these delay mechanisms, including: partial disputes used to delay payment of undisputed amounts; rotating adjusters that reset progress and miss deadlines; and, verbal-only denials that prevent enforcement or appeal.

California law already requires insurers to respond, decide, and pay claims on strict timelines. The problem is that missing those deadlines has carried little consequence. The Insurance Payment Accountability Act increases penalties when insurers violate existing decision and payment deadlines, removing the financial incentive to delay and helping stalled recoveries move forward.

Specifically, SB 878 will: Impose a 20% interest penalty on delayed payments; Require insurers to clearly identify any disputed items within 40 days and explain what is needed to resolve them; require insurers to pay all undisputed amounts on time, even when other portions of a claim remain unresolved; and, strengthen transparency and accountability to curb prolonged, unresolved claims.

Los Angeles fire survivors learned a hard truth: insurance companies do not have to deny a claim to devastate a family – they only have to delay it. A December 2025 [San Francisco Chronicle investigation](#) provided evidence that such delays are often driven by internal insurer adjuster guidance. Training materials instructed adjusters and vendors to avoid written decisions and prolong claims without final determination—effectively bypassing prompt-payment rules.

SB 878 reduces the incentive to delay coverage decisions and strengthens California’s insurance system so families can start recovering sooner. We are in strong support and urge your AYE vote.

Sincerely,



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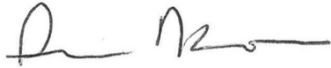
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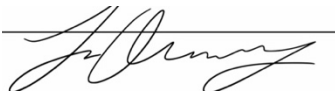
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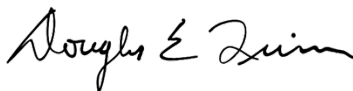
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