



Date: May 13, 2025

To: Honorable Susan Rubio, Chair
Honorable Roger Niello, Vice Chair
Members, Senate Insurance Committee

From: Rex D. Frazier, President
Seren Taylor, Vice President
Allison Adey, Legislative Advocate

Re: AB 597 (Harabedian) Public insurance adjusters. (Amended-03/20/2025)

PIFC Position: Support

The Personal Insurance Federation of California (PIFC) is a statewide trade association that represents twelve of the nation's largest property and casualty insurance companies. These companies include State Farm, Farmers, Liberty Mutual Insurance, Progressive, Mercury, Nationwide, Allstate, CONNECT by American Family Insurance, Kemper, CSAA Insurance Group, Interinsurance Exchange of the Automobile Club (Automobile Club of Southern California), and GEICO as well as associate members NAMIC and CHUBB. Collectively, these insurance companies write the majority of personal lines auto and home insurance in California.

The Los Angeles wildfires have had a devastating and far-reaching impact, resulting in extensive property damage, widespread evacuations, and significant disruptions to daily life. Numerous homes, businesses, and public infrastructures have been destroyed or severely affected, placing an immense burden on affected residents and the local economy. According to CalMatters, over 16,200 structures were destroyed, and 150,000 residents were displaced and insured wildfire losses are anticipated to result in \$40 billion for the homeowner's insurance industry.

Current laws and policies governing public adjusters (PAs) have significant flaws that harm homeowners, especially after disasters. Some PAs retroactively claim fees for insurance payouts made before their involvement or charge for portions of claims they didn't work on, reducing funds needed for rebuilding. After major disasters, PAs can exploit vulnerable homeowners by charging inflated fees (up to 30%), worsening underinsurance issues. Additionally, PAs sometimes solicit contracts during prohibited times, like during evacuation orders, and current law doesn't allow homeowners to rescind these contracts, even if the solicitation was illegal. These practices highlight the need for stronger consumer protection and regulatory reforms.

PIFC is pleased to support Assembly Bill 597, a measure that strengthens consumer protections by ensuring transparency and fairness in PAs agreements, particularly for wildfire victims and other disaster-affected policyholders. The bill includes several key provisions:

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CONNECT
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KEMPER

INTERINSURANCE EXCHANGE
OF THE AUTOMOBILE CLUB
(Automobile Club of
Southern California)

CSAA INSURANCE GROUP

GEICO

Associate Members:

NAMIC

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- **Fee Restrictions:** A PAs cannot charge a fee for any payments the insured received from their insurer before the date of the written contract between the insured and the PAs. This prevents unfair retroactive fees and excessive charges.
- **Price Gouging Prevention:** Limits the ability of certain PAs to overcharge policyholders after major disasters, applying to both residential and certain commercial property insurance claims by capping the amount to 15%.
- **Contract Cancellation Rights:** Allows policyholders to rescind a contract if a PAs has violated the law or solicited business during prohibited periods.
- **Clear Contract Requirements:** Mandates that PAs contracts provide a detailed description of services, including specific claims and coverages the PAs will handle.

These measures ensure policyholders fully understand their agreements and are protected from unfair practices, especially during vulnerable times. AB 597 prevents unfair fees and price gouging by PAs, particularly after major disasters, and applies to residential properties and certain commercial properties. For these reasons, **PIFC supports AB 597** and urges your aye vote. If you have any questions regarding PIFC's position, please contact Seren Taylor at (916) 346-9427 or (staylor@pifc.org).

Sincerely,



Seren Taylor
Vice President
Personal Insurance Federation of California

Cc:

Assemblymember John Harabedian, Author
Brandon Seto, Principal Consultant, Senate Insurance Committee
Tim Conaghan, Senate Republican Caucus
Brady Borcharding, Deputy Legislative Secretary, Office of the Governor
Josephine Figueroa, Senior Deputy Commissioner and Legislative Director, California Department of Insurance