

Lucy Wang Analyzes What Insurers Need to Know About Two New California Laws

Law360 “Expert Analysis” Byline

In The News | 1 min read

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Hinshaw attorney Lucy Wang provides insight into two newly enacted California insurance laws and the market forces that shaped them. Her *Law360* “Expert Analysis” commentary examines how California’s insurance market has been reshaped by catastrophic wildfires, increasingly complex claims, coverage availability challenges, and heightened regulatory scrutiny, leading to reforms focused on disaster preparedness, claims handling, and regulatory accountability.

SB 876: The Disaster Recovery Reform Act

SB 876, the Disaster Recovery Reform Act, was signed on September 27, 2026, and grew out of problems that surfaced after the January 2025 Los Angeles wildfires.

Starting in 2028, residential property insurers must file disaster response plans with the California Department of Insurance (CDI) and update them every two years. Insurers must also offer extended replacement cost coverage and expanded additional living expense coverage in specified circumstances, document when policyholders decline those options, and provide designated points of contact.

The law also increases penalties for certain unfair claims settlement practices tied to declared emergencies. In addition, it authorizes the insurance commissioner to order restitution in specified circumstances after an administrative proceeding.

SB 1209: The Insurance Examination Compliance and Accountability Act

SB 1209, the Insurance Examination Compliance and Accountability Act, was signed three days after SB 876. It changes what happens after a California Department of Insurance (CDI) market conduct or financial examination.

Insurers must complete corrective action within the time frame agreed with the CDI. If they do not, they may face penalties of up to \$20,000 for each failure to take corrective action, measured by category.

Lucy's article also covers:

- Why regulators may compare an insurer's actual catastrophe response against its filed plan;
- How claims issues can grow into broader pattern-level exposure; and
- Why the examination response process is now more important than before.

Read the full article (PDF)

- *Law360*: "[What Insurers Need To Know About 2 New California Laws](#)" (October 6, 2026)

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