

Code Text

Code of Civil Procedure - CCP

CHAPTER 3.2. Time-Limited Demands [999 - 999.5] (Chapter 3.2 added by Stats. 2022, Ch. 719, Sec. 1.)

999.

(a) It is declared to be the public policy of the State of California that prompt settlements of civil actions and claims are encouraged as beneficial to claimants, policyholders, and insurers.

(b) For purposes of this section, the following definitions apply:

(1) “Extracontractual damages” means any amount of damage that exceeds the total available limit of liability insurance for all of a liability insurer’s liability insurance policies applicable to a claim for property damage, personal injury, bodily injury, or wrongful death.

(2) “Time-limited demand” means an offer prior to the filing of the complaint or demand for arbitration to settle any cause of action or a claim for personal injury, property damage, bodily injury, or wrongful death made by or on behalf of a claimant to a tortfeasor with a liability insurance policy for purposes of settling the claim against the tortfeasor within the insurer’s limit of liability insurance, which by its terms must be accepted within a specified period of time.

(Added by Stats. 2022, Ch. 719, Sec. 1. (SB 1155) Effective January 1, 2023.)

999.1.

A time-limited demand to settle any claim shall be in writing, be labeled as a time-limited demand or reference this section, and contain material terms, which include the following:

(a) The time period within which the demand must be accepted shall be not fewer than 30 days from date of transmission of the demand, if transmission is by email, facsimile, or certified mail, or not fewer than 33 days, if transmission is by mail.

(b) A clear and unequivocal offer to settle all claims within policy limits, including the satisfaction of all liens.

(c) An offer for a complete release from the claimant for the liability insurer’s insureds from all present and future liability for the occurrence.

- (d) The date and location of the loss.
- (e) The claim number, if known.
- (f) A description of all known injuries sustained by the claimant.
- (g) Reasonable proof, which may include, if applicable, medical records or bills, sufficient to support the claim.

(Added by Stats. 2022, Ch. 719, Sec. 1. (SB 1155) Effective January 1, 2023.)

999.2.

- (a) A claimant shall send their time-limited demand to either of the following:
 - (1) The email address or physical address designated by the liability insurer for receipt of time-limited demands for purposes of this chapter, if an address has been provided by the liability insurer to the Department of Insurance and the Department of Insurance has made the address publicly available.
 - (2) The insurance representative assigned to handle the claim, if known.
- (b) To implement this section, the Department of Insurance shall post on its internet website the email address or physical address designated by a liability insurer for receipt of time-limited demands for purposes of this chapter.
- (c) An act by the Department of Insurance pursuant to this section is a discretionary act for purposes of Section 820.2 of the Government Code.

(Added by Stats. 2022, Ch. 719, Sec. 1. (SB 1155) Effective January 1, 2023.)

999.3.

- (a) The recipients of a time-limited demand may accept the demand by providing written acceptance of the material terms outlined in Section 999.1 in their entirety.
- (b) Upon receipt of a time-limited demand, an attempt to seek clarification or additional information or a request for an extension due to the need for further information or investigation, made during the time within which to accept a time-limited demand, shall not, in and of itself, be deemed a counteroffer or rejection of the demand.
- (c) If, for any reason, an insurer does not accept a time-limited demand, the insurer shall notify the claimant, in writing, of its decision and the basis for its decision. This notification shall be sent prior to the expiration of the time-limited demand, including any extension agreed to by the parties, and shall be relevant in any lawsuit alleging extracontractual damages against the tortfeasor's liability insurer.

(Added by Stats. 2022, Ch. 719, Sec. 1. (SB 1155) Effective January 1, 2023.)

999.4.

(a) In any lawsuit filed by a claimant, or by a claimant as an assignee of the tortfeasor or by the tortfeasor for the benefit of the claimant, a time-limited demand that does not substantially comply with the terms of this chapter shall not be considered to be a reasonable offer to settle the claims against the tortfeasor for an amount within the insurance policy limits for purposes of any lawsuit alleging extracontractual damages against the tortfeasor's liability insurer.

(b) This section shall not apply to a claimant that is not represented by counsel.

(c) In the event a court determines that this chapter conflicts with the Civil Discovery Act, (Title 4 (commencing with Section 2016.010) of Part 4), the Civil Discovery Act shall prevail.

(Added by Stats. 2022, Ch. 719, Sec. 1. (SB 1155) Effective January 1, 2023.)

999.5.

(a) This chapter shall only apply to causes of action and claims covered under automobile, motor vehicle, homeowner, or commercial premises liability insurance policies for property damage, personal or bodily injury, and wrongful death claims.

(b) Except as provided in this chapter, nothing shall alter existing law, including law relating to claims, damages, and defenses, that may be asserted in litigation seeking extracontractual damages.

(c) This chapter shall apply to time-limited demands transmitted on or after January 1, 2023.

(Added by Stats. 2022, Ch. 719, Sec. 1. (SB 1155) Effective January 1, 2023.)