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## SENATE COMMITTEE ON APPROPRIATIONS

Senator Anna Caballero, Chair  
2025 - 2026 Regular Session

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### AB 1339 (Mark González) - Department of Insurance: housing insurance study

**Version:** July 2, 2025

**Urgency:** No

**Hearing Date:** August 18, 2025

**Policy Vote:** INS. 7 - 0

**Mandate:** No

**Consultant:** Janelle Miyashiro

**Bill Summary:** AB 1339 requires, upon appropriation, the California Department of Insurance (CDI) to conduct a study and submit a report on the availability of property, liability, and builders' risk insurance coverage for affordable housing entities, as specified.

**Fiscal Impact:** CDI reports costs of \$89,000 in Fiscal Year 2025-26 and \$125,000 in FY 2026-27 to complete the study (Insurance Fund). The bill specifies CDI is required to complete the study within one year an appropriation is made to the department.

**Background:** The rising cost of insurance is becoming a significant challenge for housing development, including in the realm of affordable housing. Unlike market-rate housing developers, which may absorb increased operational costs, such as rising insurance premiums, by increasing prices or rent, affordable housing providers are bound by various laws and covenants to keep prices and rent below a certain amount. Growing insurance costs may force developers to reconsider building new projects, exacerbating the availability of affordable housing units.

In March of this year, Commissioner Lara announced, as part of the Commissioner's Sustainable Insurance Strategy, an increase in the FAIR Plan's Division I Commercial Property coverage limits to \$20 million per building, with a total \$100 million maximum limit per location. According to the announcement, "This targeted FAIR Plan expansion helps meet the urgent needs of homeowners associations, affordable housing developers, farmers, builders, and business owners who are being priced out or left without coverage altogether. It is a short-term solution with long-term benefits—providing necessary insurance access while we continue implementing comprehensive reforms to restore a competitive and reliable market in California." These new coverage limits are stipulated in the Commissioner's Order No. 2024-2.

#### **Proposed Law:**

- Requires CDI to conduct a study of the property, liability, and builders' risk insurance coverages available to affordable housing entities receiving a grant, loan, or tax credit awarded by the Department of Housing and Community Development or the California Tax Credit Allocation Committee.
- Require CDI to conduct the study in consultation with affordable housing entities, admitted insurers, providers of nonprofit insurance services, risk-sharing pools for public housing authorities and nongovernmental owners of affordable housing properties, insurance captives, risk retention groups, and other relevant state agencies.

- Requires, upon request of the commissioner, an insurer to provide and make available any information necessary to comply with the study required by this bill.
- In conducting the study, requires CDI to collect, analyze, and request any necessary information, identify barriers to keeping affordable housing entities appropriately insured, and analyze trends impacting market availability, as specified.
- Requires CDI to submit a report on the study to the Senate and Assembly Committees on Insurance within one year an appropriation is made by the Legislature to complete the study.
  - Requires the report to make recommendations on potential policy and budget options to address insurance coverage cost and access challenges for affordable housing entities as identified in the study.
- Provides the provisions of the bill are contingent upon an appropriation by the Legislature.
- Sunsets the provisions of the bill on January 1, 2031.
- States legislative findings and declarations.

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