

ASSEMBLY THIRD READING  
AB 1680 (Calderon)  
As Amended April 13, 2026  
Majority vote

## SUMMARY

Establishes the "Make it Fair" Access to Insurance Requirements (FAIR) Act.

### Major Provisions

- 1) Requires the FAIR Plan take actions to correct violations of applicable statutes, regulations, or rules identified by the Insurance Commissioner (IC) after an examination or other operational report conducted by the IC, and requires the FAIR Plan be fined up to \$20,000 for each violation if the FAIR Plan fails to take corrective action within the timeframe agreed upon with the IC.
- 2) Authorizes the IC to require the FAIR Plan adjust the policy limits available under programs underwritten by the FAIR Plan and make additional coverage offerings available for fair rental value coverage under the FAIR Plan's renters' property insurance program.
- 3) Imposes a civil penalty of up to \$10,000 for each violation (\$20,000 if the violation was willful) of the FAIR Plan's enabling statute, grants the IC discretion to establish what constitutes a violation and the penalty amount, and sets related hearing procedures.

## COMMENTS

AB 1680 provides additional coverage options and improves claims handling by the California FAIR Plan. The legislation would enact reforms outlined in the comprehensive Report of Examination [<https://www.insurance.ca.gov/0250-insurers/0300-insurers/0400-reports-examination/upload/California-Fair-Plan-Association-Exam-Report-Final-as-of-9-30-2023.pdf>] completed by the California Department of Insurance. The comprehensive examination evaluated the FAIR Plan's financial conditions, corporate governance, and controls to protect policyholders across 32 areas – finding that in more than half of them, the FAIR Plan had not started or fully implemented the recommendations. The legislation would require the FAIR Plan to make significant operational and governance changes to meet Californians' needs, while market improvements take hold, such as:

- 1) Implementing a more comprehensive homeowners coverage option like other insurance companies. Current FAIR Plan residential policyholders must buy a separate insurance policy – at an additional cost – to have coverage for water damage, liability if someone is injured on their property, and other standard coverages.
- 2) Hiring more staff to manage its increasing operational needs and workload as well as expeditiously address consumer claims and complaints.
- 3) Expediting policyholders in returning to the regular market by improving clearinghouse programs.
- 4) Improving transparency by providing public access to meetings and documents of the FAIR Plan to enhance and improve policyholder service and related metrics.

- 5) Prioritizing policyholders' resilience from climate change by adopting a formal climate risk assessment, while reporting climate-related financial risks in line with how more than 85% of the national insurance markets report risks based on the standards established through the National Association of Insurance Commissioners.
- 6) Creating a formal capital and liquidity management plan like other insurance companies to protect from unexpected events such as major wildfires or storms.

### **According to the Author**

The California FAIR Plan is our property insurance safety net and we need this association to work for all Californians. As market conditions change, the FAIR Plan needs to evolve to meet these needs. This measure tackles accountability and oversight of the FAIR Plan as California's insurance market continues to recover.

### **Arguments in Support**

The sponsor of the measure, Insurance Commissioner Ricardo Lara states "this measure modernizes governance, establishes meaningful enforcement tools, and authorizes additional coverage options to better serve homeowners and renters in high-risk areas."

### **Arguments in Opposition**

The California FAIR Plan states, "CDI already has broad authority to conduct examinations, identify violations of law, and take enforcement action where appropriate. Expanding enforcement authority to include mandatory compliance with all recommendations, regardless of whether a violation of law exists, represents a significant policy shift that warrants careful consideration."

## **FISCAL COMMENTS**

According to the Assembly Appropriations Committee, CDI anticipates no fiscal impact from this bill. However, it is possible for this bill to result in significant costs, in excess of \$150,000, if the IC hires additional staff to pursue enhanced enforcement of FAIR Plan statutes, regulations, and rules, partially offset by increased civil penalty revenue (Insurance Fund). The magnitude of costs depends on the number of violations and the staff workload required to agree upon a corrective action timeframe and follow other adjudication procedures. If the IC does not pursue such enforcement, CDI would likely not incur any costs.

## **VOTES**

### **ASM INSURANCE: 14-1-2**

**YES:** Calderon, Wallis, Addis, Alvarez, Ávila Farías, Berman, Gipson, Harabedian, Krell, Nguyen, Ortega, Petrie-Norris, Michelle Rodriguez, Valencia

**NO:** Hadwick

**ABS, ABST OR NV:** Chen, Ellis

### **ASM APPROPRIATIONS: 12-1-2**

**YES:** Wicks, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

**NO:** Tangipa

**ABS, ABST OR NV:** Hoover, Ta

**UPDATED**

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