
THIRD READING

Bill No: AB 1680
Author: Calderon (D), et al.
Amended: 6/22/26 in Senate
Vote: 21

SENATE INSURANCE COMMITTEE: 6-0, 6/24/26
AYES: Padilla, Niello, Becker, Menjivar, Richardson, Rubio
NO VOTE RECORDED: Jones

SENATE APPROPRIATIONS COMMITTEE: 7-0, 8/13/26
AYES: Cervantes, Seyarto, Cabaldon, Dahle, Grayson, Richardson, Wahab

ASSEMBLY FLOOR: 62-8, 5/21/26 - See last page for vote

SUBJECT: California FAIR Plan Association

SOURCE: Insurance Commissioner Ricardo Lara / California Department of Insurance

DIGEST: This bill aims to create greater ability for the California Department of Insurance (CDI) to ensure accountability and coverage options in the operations of the California Fair Access to Insurance Requirements Plan Association (FAIR Plan).

ANALYSIS:

Existing law:

- 1) Establishes the FAIR Plan to assure the stability of the property insurance market, to assure the availability of basic property insurance, as defined, to encourage maximum use of the normal insurance market in obtaining basic property insurance provided by admitted insurers and licensed surplus line brokers.

- 2) Allows the Insurance Commissioner (Commissioner) to conduct an examination of any company as often as the Insurance Commissioner in his or her discretion deems appropriate but shall, at a minimum, conduct an examination of every insurer admitted in this state not less frequently than once every five years.
- 3) Requires the Commissioner to approve the FAIR Plan's plan of operation and authorizes the Commissioner to examine the FAIR Plan's books, records, files, papers, and documents that relate to its operation.
- 4) Specifies that rates for the FAIR Plan shall not be excessive, inadequate, or unfairly discriminatory, shall be actuarially sound so that premiums are adequate to cover expected losses, expenses and taxes, and shall reflect investment income of the plan.
- 5) Requires all members of the FAIR Plan to participate in the writings, expenses, profits, and losses of the FAIR Plan in the proportion that its premiums written during the second preceding calendar year bear to the aggregate premiums written by all insurers.

This bill:

- 1) Requires the FAIR Plan to take corrective actions, as specified by the Commissioner or their designee, to correct violations of applicable statutes, regulations, accounting principles, the plan of operation, or other legally binding applicable rules and identified in a report of examination or other operational report. Failure to take these actions will subject the FAIR Plan to up to \$20,000 for each unaddressed violation.
- 2) Allows the FAIR Plan to request additional extensions of 30 calendar days, or other greater extensions approved by the Commissioner, for good cause, to comply. The Commissioner or their designee may deny a request for an extension of time if it is determined the request is not made in good faith or there has not been a good faith effort to comply, as specified.
- 3) Specifies that the Commissioner may require the FAIR Plan to adjust the policy limits available under the programs it underwrites, and make additional coverage offerings available under the FAIR Plan to include fair rental value coverage under the FAIR Plan's renters' property insurance program.

- 4) Provides for civil penalties not to exceed \$10,000 for each act in violation or not to exceed \$20,000 if the act was willful and would require the Commissioner to impose those penalties.

Related/Prior Legislation

AB 69 (Calderon). Enacts various provisions to assist California Fair Access to Insurance Requirements Plan Association (FAIR Plan) policyholders in securing coverage outside of the FAIR Plan. These provisions include providing policyholder information to interested insurers and agents or brokers of record simultaneously, while also making policyholders aware of additional coverage options. Pending on the Senate Floor.

AB 2061 (Chen). Requires the FAIR Plan to post quarterly on its website, the number of policies it issued in each ZIP Code and its risk exposure. Additionally, deletes the requirement that the FAIR Plan publish its telephone number in all general distribution telephone directories in the state. Pending on the Senate Floor.

AB 234 (Calderon, Chapter 474, Statutes of 2025). Required the Speaker of the Assembly and the Chairperson of the Senate Committee on Rules to serve as nonvoting, ex officio members of the governing committee, and authorized each to name a designee to serve in their place.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: No

According to the Senate Appropriations Committee:

The California Department of Insurance does not anticipate a fiscal impact from the bill (Insurance Fund).

Staff notes there may be an unknown potential increase in enforcement workload for CDI to address noncompliance with the Commissioner's specified corrective actions, which may be offset to some extent by penalty revenue (Insurance Fund). It is possible that higher aggregate penalties may incentivize the FAIR Plan to contest enforcement actions through the administrative hearing process rather than opting for immediate compliance, which may increase administrative and adjudicatory workload. The magnitude of this workload would depend on the number and scope of violations, as well as any attached penalties.

SUPPORT: (Verified 8/13/26)

Insurance Commissioner Ricardo Lara / California Department of Insurance
(source)

Laguna Beach; City of
Lake Forest; City of
Los Alamitos; City of
Los Angeles; City of
San Gabriel Valley Economic Partnership
Tulare; City of
United Policyholders

OPPOSITION: (Verified 8/13/26)

None received

ARGUMENTS IN SUPPORT:

According to Insurance Commissioner Ricardo Lara, sponsor of the bill:

“In recent years, wildfire risks, insurer withdrawals, and widespread nonrenewals have driven unprecedented growth in FAIR Plan enrollment. As the FAIR Plan increasingly functions as a major insurer rather than a limited backstop, gaps have emerged in its coverage offerings, operational flexibility, and accountability mechanisms. The statutory framework has not kept pace with the scale of the FAIR Plan’s responsibilities or the needs of policyholders who rely on it.

In addition, the California Department of Insurance’s Report of Examination - the most comprehensive review of the FAIR Plan in decades – revealed systemic problems that have left wildfire survivors struggling with delays, denials, and inconsistent claims decisions, particularly after the 2025 Los Angeles wildfires, the largest urban wildfire disaster in state history. The 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 Department’s recommendations. The legislation would require the FAIR Plan to make significant operational and governance changes to meet Californians’ needs.

The FAIR Plan’s policy count and exposure levels have grown dramatically, creating financial and operational risks that extend beyond the program’s original purpose. Many policyholders require coverage options that exceed the FAIR Plan’s basic offerings, particularly renters and homeowners who require more complete protection. Commercial policyholders lack a mechanism to transition back into the admitted market, leaving many businesses dependent on the FAIR Plan for extended periods. The Commissioner’s oversight tools must be strengthened to

ensure timely compliance with examination findings and statutory requirements. Without a penalty structure, there is limited deterrence for violations.

AB 1680 modernizes the FAIR Plan to reflect current market conditions and strengthen consumer protections. It clarifies and reinforces the Commissioner's authority to approve, revoke, or require revisions to the FAIR Plan's plan of operation and ensures that the Plan must adopt statutory and other legally binding examination recommendations within agreed-upon timelines."

ASSEMBLY FLOOR: 62-8, 5/21/26

AYES: Addis, Aguiar-Curry, Ahrens, Alvarez, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, Dixon, Elhawary, Fong, Gabriel, Gallagher, Gipson, Mark González, Haney, Harabedian, Hart, Irwin, Jackson, Kalra, Krell, Lee, Lowenthal, McKinnor, Muratsuchi, Nguyen, Ortega, Pacheco, Papan, Patel, Pellerin, Petrie-Norris, Quirk-Silva, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas

NOES: Alanis, DeMaio, Ellis, Jeff Gonzalez, Hadwick, Johnson, Patterson, Tangipa

NO VOTE RECORDED: Arambula, Chen, Flora, Garcia, Hoover, Lackey, Macedo, Ramos, Celeste Rodriguez, Ta

Prepared by: Brandon Seto / INS. / (916) 651-4110
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