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## SENATE COMMITTEE ON INSURANCE

Senator Susan Rubio, Chair  
2025 - 2026 Regular

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<b>Bill No:</b>	AB 290	<b>Hearing Date:</b>	July 9, 2025
<b>Author:</b>	Bauer-Kahan		
<b>Version:</b>	July 3, 2025 Amended		
<b>Urgency:</b>	No	<b>Fiscal:</b>	Yes
<b>Consultant:</b>	Brandon Seto		

**SUBJECT:** California FAIR Plan Association: automatic payments

**DIGEST:** Requires the California FAIR Plan Association (FAIR Plan) to create an automatic payment system for policyholder premiums, and provide a policyholder with a 10-day period to pay an outstanding installment premium.

### 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) Provides, as part of the FAIR Plan, for the equitable distribution among admitted insurers of the responsibility for insuring qualified property for which basic property insurance cannot be obtained through the normal insurance market.
- 3) 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.

#### *This bill:*

- 1) Requires, by April 1, 2026, the FAIR Plan to create a system and accept automatic payments for policyholder premiums.
- 2) States that an automatic payment amount cannot be different than the amount due if the policyholder utilized another payment method.
- 3) Prohibits the cancellation or non-renewal of a FAIR Plan policy solely because the policyholder is not enrolled in automatic payments.
- 4) Requires the FAIR Plan to provide a 10-day period for any policyholder to pay an outstanding installment premium.

### Background

*According to the Author:*

“Severe wildfires are becoming more frequent in California, with thousands of homes and millions of acres at risk each year. With this increased risk, it is imperative that stable insurance coverage is accessible for all Californians. AB 290 requires the California FAIR Plan to establish and accept automatic payment systems for policyholders, thus providing safeguards against cancellations due to missed manual payments. AB 290 further provides grace periods, ensuring policyholders have a chance to fix payment mistakes before coverage is disrupted. By requiring accessible payment options, AB 290 promotes fairness and prevents unintentional lapses in coverage—an essential component in protecting Californians from greater financial distress as the state faces worsening wildfire seasons.”

**Related/Prior Legislation**

*AB 226 (Calderon & Alvarez):* Authorizes the California Infrastructure and Economic Development Bank (IBank), upon the request of the FAIR Plan, to issue bonds to finance the costs of claims, to increase liquidity and claims-paying capacity of the FAIR Plan, and to refund bonds previously issued for that purpose. *This bill is pending in Senate Appropriations Committee.*

*AB 234 (Calderon):* Requires the Speaker of the Assembly and the Chairperson of the Senate Committee on Rules to serve as non-voting, ex officio members of the governing committee of the FAIR Plan, and would authorize each to name a designee to serve in their place. *This bill is pending on the Senate Floor.*

*SB 1242 (Senate Insurance Committee, Chapter 424, Statutes of 2022):* Among other things, clarified the requirements that an insurer notify a policyholder at least 10 business days before the policy will be canceled for non-payment.

**ARGUMENTS IN SUPPORT:**

*Supporters state:*

“An increasing number of California households are turning to the FAIR Plan for insurance protection, and the entity needs to continue enhancing its operations to meet this growth. Currently, the California FAIR Plan does not provide for or accept automatic payments. A missed payment leads to a lapse in coverage, after which the consumer often is charged a higher premium to put coverage back in place. AB 290 will help prevent unintentional policy lapses due to missed or delayed payments, a common risk for vulnerable policyholders in high-risk fire zones. AB 290 enhances financial security and ensures continuous coverage, strengthening consumer protections and promoting greater stability within California’s insurance safety net.”

**ARGUMENTS IN OPPOSITION:**

None received.

**SUPPORT:**

California Pan-Ethnic Health Network  
Consumer Attorneys of California  
Consumer Federation of California

Health Access California  
Indivisible CA: Statestrong  
Reproductive Freedom for All California  
United Policyholders

**OPPOSITION:**

None.

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