
THIRD READING

Bill No: AB 290
Author: Bauer-Kahan (D), et al.
Amended: 8/25/25 in Senate
Vote: 21

SENATE INSURANCE COMMITTEE: 7-0, 7/9/25
AYES: Rubio, Niello, Becker, Caballero, Jones, Padilla, Wahab

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 75-0, 5/19/25 - See last page for vote

SUBJECT: California FAIR Plan Association: automatic payments

SOURCE: Author

DIGEST: This bill 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, as specified, 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 with the exception of a reasonable processing fee, 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, in alignment with existing law.

Related/Prior Legislation

AB 226 (Calderon & Alvarez, 2025). 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, 2025). 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.

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

SUPPORT: (Verified 8/26/25)

Insurance Commissioner Ricardo Lara / California Department of Insurance
California Community Foundation
City of San Marcos
Consumer Attorneys of California
Consumer Federation of California
Tri-Valley Cities of Dublin, Livermore, Pleasanton, San Ramon, and Town of Danville
United Policyholders

OPPOSITION: (Verified 8/26/25)

None received

ARGUMENTS IN SUPPORT:

Supporter's 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.

ASSEMBLY FLOOR: 75-0, 5/19/25

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

NO VOTE RECORDED: Dixon, Flora, Jeff Gonzalez, Papan

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