

number of policies the insurer has issued to its policyholders. The FAIR Plan must then report aggregated numbers within 30 days to the Insurance Commissioner, the Assembly Committee on Insurance, and the Senate Committee on Insurance, and post the aggregated numbers on its website.

- 4) States the FAIR Plan must provide its policyholders with annual notice, as specified, that policyholders should consider contacting their broker to determine if other coverage is available.
- 5) Specifies that the FAIR Plan must require registered agents and brokers to complete its Brokers and FAIR Plan course, which provides training on the FAIR Plan's and the broker's responsibility to advise policyholders on the voluntary market options.
- 6) Adds the requirement that an agent or broker must assist a person seeking their help in obtaining basic property insurance coverage by providing information on the FAIR Plan's clearinghouse programs.
- 7) Requires that the FAIR Plan must post a list of admitted and nonadmitted insurers that participate in its clearinghouse programs on its website, and update that list quarterly.

Background

According to the author:

“Depopulation of California’s FAIR Plan is a top priority. As the insurance market continues to show signs of stabilizing, we need to ensure a clear path is accessible for those FAIR Plan policyholders who are candidates for the voluntary market, where insurance is more affordable and policies cover more. This measure provides better transparency and more consumer choice. Those in the FAIR Plan need a pathway out.”

Related/Prior Legislation

AB 1680 (Calderon). Creates greater ability for the California Department of Insurance to ensure accountability and coverage options in the FAIR Plan. *Pending in Senate Insurance Committee.*

AB 226 (Calderon, Chapter 473, Statutes of 2025). Authorized the California Infrastructure and Economic Development Bank (IBank), upon the request of the California Fair Access to Insurance Requirements Plan Association (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. Required the FAIR Plan, with the approval of the Insurance Commissioner, to assess all members to pay all loan payments and the costs and expenses relating to a loan agreement with IBank, as well as to assess all members to repay a line of credit and its related costs and expenses.

AB 2260 (Calderon, 2024). Would have required the FAIR Plan, until December 31, 2027, to quarterly provide specified information about policies and clearinghouse program progress to the Insurance Commissioner, the Assembly Committee on Insurance, and the Senate Committee on Insurance, and to post the information on the association’s public internet website. The bill would have also required the broker of record of an insurance policy that has been placed in the FAIR Plan to determine, prior to the renewal of the policy, whether the policy can be moved to a voluntary market insurance company. *Not heard in Senate Insurance Committee.*

SB 505 (Rubio, Chapter 180, Statutes of 2023). Required, by July 1, 2024, the FAIR Plan to establish a clearinghouse program for commercial insurance policies.

AB 3012 (Wood and Daly, Chapter 258, Statutes of 2020). Directed the Fair Plan to implement a clearinghouse program whereby property insurers will be provided information about FAIR Plan policies, for the purpose of encouraging those insurers to offer regular private insurance to FAIR Plan policyholders.

ARGUMENTS IN SUPPORT:

The California Apartment Association states:

“The California FAIR Plan was created in 1968, with the purpose to be the “insurer of last resort” for “basic” property insurance in the event of a market failure. At its inception, it was essentially for urban commercial property. Ultimately, it has expanded to include residential insurance anywhere in the state, provided that the insurance “cannot be obtained” in the normal manner in the market. At origination, the FAIR Plan was not intended to compete with the market. Under the current climate of the California insurance market, the FAIR Plan is under pressure as the “take-all” insurer of last resort. AB 69’s goal is to make sure that once policies are part of the FAIR Plan they don’t stay there if, and only and if, they can transition to a market plan. This will help maintain the solvency of the FAIR Plan – which is a critical step to stabilizes the state’s insurance market.”

ARGUMENTS IN OPPOSITION:

None received.

SUPPORT:

California Apartment Association
California Building Industry Association
California Fair Plan Association
Community Associations Institute - California Legislative Action Committee
Emeryville; City of
Orange County Business Council
Surplus Line Association of California

OPPOSITION:

None.

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