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Assembly Insurance Committee

Outcomes Review Oversight Hearing

Wednesday, March 18, 2026
State Capitol, Room 437 9:30 a.m.

Outcomes Review: AB 3012 (Wood/Daly, 2020)

Residential Property Insurance: FAIR Plan Residential Clearinghouse Program

I. Introduction

The purpose of the Outcomes Review (OR) process is to assess, review, and improve implementation of key enacted legislation to ensure that the laws passed by Legislature continue to improve the lives of Californians.

This paper provides background for the OR hearing on AB 3012 (Wood/Daly, Chapter 258, Statutes of 2020), which had a number of achievements, but this OR will only review one provision, the creation and implementation of the FAIR Plan residential clearinghouse program.

To learn more about the California FAIR Plan, please use the material provided at the Assembly Insurance Committee's recent oversight hearing, found here: [1.28.26-fair-plan-background-final.pdf](#).

II. AB 3012: Residential Clearinghouse Program

As passed and signed, AB 3012 did the following as it relates to the clearinghouse program in Insurance Code, Section 10095. This measure became operative on January 1, 2021, but additional time was allowed under AB 3012 for the FAIR Plan to develop and implement the clearinghouse by July 1, 2021. The language in the bill stated:

“To reduce the association’s concentration and number of policies, and to encourage maximum use of the normal insurance market consistent with subdivision (c) of Section 10090, the association shall develop and implement a clearinghouse program on or before July 1, 2021, to help reduce the number of existing FAIR Plan policies and provide the opportunity for admitted insurers to offer homeowners’ insurance policies to FAIR Plan policyholders. An insurer that participates in the clearinghouse program shall sign an agreement with the association that sets forth the terms and conditions for the insurer to offer homeowners insurance through the policy’s listed agent or broker of record, if any. The clearinghouse program may include a provision to include nonadmitted insurers if admitted insurers have the first option.”

Follow up legislation added:

“The association shall provide all policyholders with notice of each of the following:

- (A) The manner in which the association shall share policyholders’ personal information to facilitate offers of private insurance through the clearinghouse programs.
- (B) A method to opt out of the sharing of policyholders’ personal information in connection with the clearinghouse programs.”

III. Background

Both Assembly and Senate Committees on Insurance analyzed AB 3012 in 2020 and provided the following analysis on the creation of the residential clearinghouse programs.

The Assembly Insurance Committee analysis stated:

“FAIR Plan clearinghouse. A substantial amount of the nonrenewals being experienced in the high-risk regions of the state involve larger market share, name-brand insurers that have concluded their risk concentration is too high. Many of these policyholders are finding a different private insurer, but many are not. One of the reasons appears to be that insurers that might be willing and able to write more policies in riskier locations do not have agents in those locations or otherwise have

access to information about this potential business. The clearinghouse concept, which has been used in some other states, is designed to make information available to insurers that may be willing and able to offer coverage to homeowners who are currently covered by the FAIR Plan. States that have employed this approach have had success in depopulating their version of the FAIR Plan.”

The Senate Insurance Committee analysis stated:

“Some insurers may be willing to write more coverage, but it may be hard to find them, especially smaller or mid-size regional insurers that may not have agents throughout the state. This bill establishes a mechanism to match FAIR Plan policyholders with available insurers. Some other states, such as Louisiana, Florida, and Massachusetts, already have programs to move policyholders off of their version of the Fair Plan. These “depopulation programs” match their policyholders to insurers willing to offer them coverage. This bill would create a FAIR Plan “clearinghouse,” a California version of a depopulation program. Writing in support of the bill, the FAIR Plan explains that a clearinghouse will foster competition in the private market and could result in less concentration or risks in the FAIR Plan portfolio.”

Taken from the California FAIR Plan website:

In 2020, the FAIR Plan worked collaboratively with stakeholders to pass AB 3012 (Wood/Daly) establishing the FAIR Plan’s clearinghouse program, which allows FAIR Plan dwelling policyholders a path to reenter the voluntary insurance market. This could transition more policies away from the FAIR Plan if insurance options in the voluntary insurance market become available, helping to reduce the FAIR Plan’s significant risk exposure.

The clearinghouse program provides participating insurers with FAIR Plan policy data monthly, excluding customer contact information. Participating insurers may review existing FAIR Plan policies to determine if they can instead offer coverage. Under the clearinghouse program, it is important to note that the FAIR Plan provides a platform for brokers and insurers to work together to determine which policies can move from the FAIR Plan to the voluntary market.

IV. Conclusion

Very little is known about the FAIR Plan clearinghouse program almost 5 years later. It is unclear how or if it actually works. The mission was clearly laid out in AB 3012 “to help reduce the number of existing FAIR Plan policies and provide the opportunity for admitted insurers to offer homeowners’ insurance policies to FAIR Plan policyholders.”

Even if California’s insurance market was healthy, would the information we hear today be any different? Entry into the FAIR Plan seems to be far easier than the exit which was not the intention when AB 3012 created the clearinghouse program.

Relevant Questions:

- Has the clearinghouse program achieved its goal of reducing FAIR Plan’s concentration?
- How does depopulating work through the clearinghouse program?
- How many policyholders have been removed through the clearinghouse program?
- Do brokers have incentives to remove policyholders from the FAIR Plan?
- What does participation by an admitted insurer look like?
- How does the process differ for a surplus lines broker?
- What policyholder information is provided to those who participate?
- What are the terms and conditions in the agreement that an admitted insurer must sign?