

Date of Hearing: April 15, 2026

ASSEMBLY COMMITTEE ON INSURANCE
Lisa Calderon, Chair
AB 1680 (Calderon) – As Amended April 13, 2026

SUBJECT: California FAIR Plan Association

SUMMARY: Establishes the “Make it Fair” Access to Insurance Requirements (FAIR) Act. Specifically, **this bill**:

- 1) Requires the FAIR Plan to comply with recommendations of the report or examination of any other operational report conducted by the Insurance Commissioner or a person designated by the Insurance Commissioner.
 - a) Provides that if the FAIR Plan fails to take corrective action within an agreed upon timeframe, that the FAIR Plan will be subject to fines.
- 2) Allows the Insurance Commissioner to require the FAIR Plan to do both of the following to meet the needs of policyholders:
 - a) Adjust the policy limits available under the programs underwritten by the FAIR Plan; and,
 - b) Make additional coverage offerings available under programs underwritten by the FAIR plan to include FAIR rental value coverage under the FAIR Plan’s renters’ property insurance program.
- 3) 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 Insurance Commissioner to impose those penalties.

EXISTING LAW:

- 1) Allows the Insurance 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. (Insurance (Ins.) Code, Section 730)
- 2) States that the FAIR Plan was established to assure stability, to assure the availability, to encourage maximum use, and to provide for 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. (Ins. Code, Section 10090)
- 3) Requires the Insurance Commissioner to approve the FAIR Plan’s plan of operation and authorizes the Insurance Commissioner to examine the FAIR Plan’s books, records, files, papers, and documents that relate to its operation. (Ins. Code, Section 10095)
- 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. (Ins. Code, Section 10100.2)

- 5) Allows the FAIR Plan, with approval from the Insurance Commissioner, to assess all members in amounts sufficient to operate the facility. (Ins. Code, Section 10094)
- 6) 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. (Ins. Code, Section 10095)

FISCAL EFFECT: Unknown.

COMMENTS:

- 1) *Purpose of bill:* “Property insurance isn’t a luxury in California, it’s a necessity. Californians need a reliable and dependable source of insurance in good times and bad times. The California FAIR Plan is our property insurance safety net and we need this association to work for all Californians. As market conditions change, the FAIR Plan needs to evolve to meet these needs. This measure tackles accountability and oversight of the FAIR Plan as California’s insurance market continues to recover.”
- 2) *AB 1680:* AB 1680 provides additional coverage options and improves claims handling by the California FAIR Plan. The legislation would enact reforms outlined in the comprehensive [Report of Examination](#) completed by the California Department of Insurance. The comprehensive 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 recommendations. The legislation would require the FAIR Plan to make significant operational and governance changes to meet Californians’ needs, while market improvements take hold, such as:
 - Implementing a more comprehensive homeowners coverage option like other insurance companies. Current FAIR Plan residential policyholders must buy a separate insurance policy – at an additional cost – to have coverage for water damage, liability if someone is injured on their property, and other standard coverages.
 - Hiring more staff to manage its increasing operational needs and workload as well as expeditiously address consumer claims and complaints.
 - Expediting policyholders in returning to the regular market by improving clearinghouse programs.
 - Improving transparency by providing public access to meetings and documents of the FAIR Plan to enhance and improve policyholder service and related metrics.
 - Prioritizing policyholders’ resilience from climate change by adopting a formal climate risk assessment, while reporting climate-related financial risks in line with how more than 85% of the national insurance markets report risks based on the standards established through the National Association of Insurance Commissioners.

- Creating a formal capital and liquidity management plan like other insurance companies to protect from unexpected events such as major wildfires or storms.
- 3) *Background:* The California FAIR Plan is an association of all insurance companies licensed by CDI that provide basic property and casualty insurance in California. It was created in response to urban disturbances, notably the Watts Riots in Los Angeles.

The purpose of the FAIR Plan is to provide “basic” property insurance in the event of a market failure. At inception, that was essentially urban commercial property. Ultimately, it has expanded to include homeowners’ insurance anywhere in the state, provided that such insurance “cannot be obtained” in the normal manner in the market.

The FAIR Plan was established to ensure that urban property owners, mostly businesses, would have “fair access” to the property insurance necessary to continue to operate in a market that insurers viewed as too risky to cover. That risk evaluation resulted in a substantial market withdrawal by insurers from the urban property market. Despite its initial creation as an urban/business “insurer of last resort,” the FAIR Plan expanded to provide coverage in “designated” brush fire regions of the state. It operated fairly well in this manner until the mid-1990’s, when, as a consequence of the genuine homeowners’ insurance crisis that followed the Northridge earthquake in 1994, the entire state was designated as the appropriate FAIR Plan coverage region.

FAIR Plan policies are capped at limits of \$3.3 million for residential properties, and \$20 million per structure (up to \$100 million) for commercial properties. These caps were increased by the Insurance Commissioner in 2020 for residential and 2023 for commercial. Commercial went from \$8.4 million per location in 2021, to \$20 million per location in 2023, to \$20 million per structure with a \$100 million max, finalized in July 2025 and set to sunset in 2028.

FAIR Plan residential dwelling policies now cover manufactured homes and mobile homes. FAIR Plan commercial policies can also cover homeowners’ associations, condo associations, farms, and businesses.

By statute, the FAIR Plan policy is not as broad as traditional homeowners’ policies. Nonetheless, it is a fully sound and guaranteed policy that satisfies lenders’ security requirements and protects the property against the primary risk factor faced by homeowners: [wild]fire. Other coverages should be readily available in the market (typically through the purchase of a “difference-in-conditions” or “DIC” policy), which provide wraparound coverage that, coupled with a FAIR Plan policy, results in the same protection provided by a standard homeowner’s policy.

According to the FAIR Plan, as of December 2025, the FAIR Plan’s total exposure in California is \$724 billion, reflecting a 4% increase since September 2025 and a 230% increase since September 2022.

As of December 2025, the FAIR Plan’s policies in force reached 668,609, a 4% increase since September 2025, and a 146% increase since September 2022. The FAIR Plan updates these statistics quarterly, on their website.

- 4) *Related Legislation:* AB 69 (Calderon) requires the FAIR Plan to provide all policyholders with a notice regarding their coverage options at least annually, including with the initial policy issuance and upon each renewal. Pending before the Senate Insurance Committee.

AB 2061 (Chen) requires the FAIR Plan to post quarterly, specified information, on its internet website. Pending before the Assembly Insurance Committee.

- 5) *Previous legislation:* AB 226 (Calderon & Alvarez) Chapter 473, Statutes of 2025, creates the FAIR Plan Stabilization Act, which authorizes the California Infrastructure and Economic Development Bank, upon the request of the California Fair Access to Insurance Requirements 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.

AB 234 (Calderon) Chapter 474, Statutes of 2025, requires 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 would authorize each to name a designee to serve in their place.

AB 290 (Bauer-Kahan) Chapter 475, Statutes of 2025, requires the FAIR Plan to accept automatic payments for policyholder premiums and provides a policyholder with a 10-day grace period to pay an outstanding installment premium.

SB 525 (Jones) Chapter 476, Statutes of 2025, expands “basic property insurance” offered through the FAIR Plan to include manufactured homes insurance that is comparable to basic property insurance sold for residential dwellings.

SB 11 (Rubio) Chapter 128, Statutes of 2021, authorizes the FAIR Plan to sell commercial coverage to farms.

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

AB 3012 (Daly & Wood) Chapter 258, Statutes of 2020, directs 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.

AB 1816 (Daly) Chapter 833, Statutes of 2019, expands the regions of the state in which an insurer can accrue "writeout credits" to include areas designated by CalFire as high or very high fire risk. Also, requires the FAIR Plan to periodically provide data regarding the use of writeout credits by insurers to the Legislature, the Governor, and CDI.

REGISTERED SUPPORT / OPPOSITION:

Support

City of Los Alamitos

Insurance Commissioner Ricardo Lara / California Department of Insurance

Laguna Beach; City of

Los Angeles; City of

United Policyholders

Oppose Unless Amended

California Fair Plan Association

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