

Date of Hearing: April 22, 2026

ASSEMBLY COMMITTEE ON INSURANCE

Lisa Calderon, Chair

AB 2061 (Chen) – As Amended April 14, 2026

SUBJECT: California FAIR Plan Association: data

SUMMARY: Requires the California Fair Access to Insurance Requirements (FAIR) Plan to post specified information, quarterly, on its internet website. Specifically, **this bill:**

- 1) Specifies the information to be posted must include:
 - a) The number of policies issued by the FAIR Plan in each ZIP code;
 - b) The risk exposure of the FAIR Plan; and,
 - c) The number of policyholders removed from the FAIR Plan through the clearinghouse program.

EXISTING LAW:

- 1) 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. (Insurance (Ins.) Code, Section 10090)
- 2) 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)
- 3) 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)
- 4) Requires all members of the FAIR Plan to participate in the writings, expenses, profits, and losses of the FAIR Plan in the proportion to its premiums written during the second preceding calendar year bear to the aggregate premiums written by all insurers. (Ins. Code, Section 10095)
- 5) Requires the FAIR Plan to develop and implement a residential clearinghouse program and a commercial clearinghouse program. (Ins. Code, Section 10095)

FISCAL EFFECT: Unknown.

COMMENTS:

- 1) *Purpose of the bill:* According to the Author, “AB 2061 increases transparency by requiring the FAIR Plan Association to publicly report key data on a quarterly basis. This includes the number of policies issued in each ZIP Code, total risk exposure, detailed claims activity, and

the number of policyholders transitioned out of the FAIR Plan through the clearinghouse program. The FAIR Plan should be transparent with their data and make every effort to allow every Californian to be easily informed about the insurance market in the state.”

- 2) *CDI Action:* CDI required the FAIR Plan on July 1, 2025, by executive action, to be more transparent by posting total exposures, policy counts, and financial data on its internet website. This measure builds off of this executive action and places more structure and requirements of the FAIR Plan. Considering the policyholder growth of the FAIR Plan and the hopes of policyholder numbers stabilizing/declining, quarterly updates are necessary.
- 3) *Background:* The California FAIR Plan is an association of all insurance companies licensed by CDI that provides 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.

- 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 1680 (Calderon) establishes the Make it Fair Act. Pending before the Assembly Appropriations 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 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, authorized the FAIR Plan to sell commercial coverage to farms.

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 (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

Little Hoover Commission

Opposition

None on file.

Analysis Prepared by: Kathleen O'Malley / INS. / (916) 319-2086