

RICARDO LARA

INSURANCE COMMISSIONER

California Department of Insurance

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Commissioner Lara and FAIR Plan reach agreement to increase commercial coverage limit to \$20 million

This important adjustment more than doubles existing coverage limit options for California businesses

LOS ANGELES — As part of his comprehensive effort to give more insurance options to California residents and businesses, Insurance Commissioner Ricardo Lara today announced the California FAIR Plan Association has agreed to more than double its existing commercial coverage limits to \$20 million for businesses unable to find coverage in the normal insurance marketplace. The FAIR Plan is an association comprised of all insurers authorized to transact basic property insurance in California, and designed to be the state's property "insurer of last resort," writing coverage for businesses and residences when other insurance options are not available.

Commissioner Lara and the FAIR Plan have been working on this issue since the Commissioner's [investigatory hearing into the FAIR Plan](#) last July where homeowners associations, youth recreational camps, agricultural groups, and other businesses spoke about the growing need for greater commercial coverage limits. Prior to Commissioner Lara taking office in 2019, the FAIR Plan's commercial limits had not been adjusted in more than two decades to keep pace with increasing property values and coverage needs.

"Giving businesses greater options for insurance coverage is a top priority of mine. I am pleased the FAIR Plan is stepping up when insurance companies fall short in providing businesses and homeowners access to the coverage they need," said Commissioner Lara. "I will continue working to expand coverage options and drive down the costs of insurance through wildfire safety discounts and increasing competition in the market."

Today's agreement signed by Commissioner Lara and FAIR Plan President Victoria Roach will increase the combined coverage limits for the FAIR Plan, under its Division I Commercial Property Program, from \$8.4 million to \$20 million per location and, under its Division II Businessowners Program, from \$7.2 million to \$20 million per location.

"The FAIR Plan is committed to strengthening consumer choice in the voluntary insurance market and ensuring all Californians have access to basic property coverage," said Roach. "We appreciate Commissioner Lara's leadership to take this step forward to address the challenges in the current commercial coverage market, while attempting to balance those challenges with the need for stability in the insurance market. We welcome the opportunity to continue collaborating with the Department of Insurance, the Legislature and other stakeholders to restore a viable insurance market for all Californians regardless of where they reside."

State legislators joined Commissioner Lara's call for an increased commercial coverage limit at the FAIR Plan in letters sent earlier this year.

(MORE)

2-2-2 CALIFORNIA DEPARTMENT OF INSURANCE NEWS RELEASE

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"I applaud Insurance Commissioner Lara and the California FAIR Plan for working together to increase access to coverage for homeowners in high fire risk areas," said Senate President pro Tempore Toni G. Atkins (D-San Diego). "Longer, more devastating fire seasons mean that Californians are feeling the impacts of climate change now. Expanding coverage is an important step towards preventing further displacement and protecting homeowners throughout the state. I look forward to continued conversations on how to make insurance more accessible for residents in high fire risk areas."

"Consumers at risk of losing their homes need immediate relief. They cannot wait for long-term solutions to current insurance market challenges, in particular the impacts of climate change," said Senator Susan Rubio (D-Baldwin Park). "At this moment, inaction is not an option. I commend Commissioner Lara for taking decisive action to protect consumers who are most at risk of losing protection. As Chair of the Senate Insurance Committee, I look forward to our continued collaboration and discussions with all stakeholders to identify viable long-term solutions for a healthy and stable insurance market."

"This action to increase the California Fair Plan's commercial coverage limit will improve access to fire insurance coverage for our businesses as well as multi-residential properties across our high fire risk areas," said Senator Marie Alvarado-Gil (D-Jackson). "My constituents are directly impacted by the lack of available fire insurance coverage and I applaud the Insurance Commissioner and California Fair Plan leadership for working together to implement this necessary increase in the coverage limit. As a member of the Senate Committee in Insurance, I look forward to continuing to work with Commissioner Lara and my colleagues to deliver solutions to the fire insurance crisis impacting so many across Senate District 4 and our entire state."

The new coverage limits will take effect after the FAIR Plan submits a new rule filing for approval by the Department of Insurance. The FAIR Plan has 60 days to submit a rule filing to the Department, with the goal of the Department approving these coverage limit increases, meaning coverage could be available in the fourth quarter.

Business groups welcomed the additional coverage.

"The increase in commercial coverage amounts provided by the FAIR Plan offers a much needed reprieve for the summer camps of California. Summer camps provide valuable opportunities for California's youth but, in recent years, challenges to camps have been exacerbated by increasing costs for insurance coverage, and too often the coverage that was available came at too high a cost for these small businesses to afford," said Mike Stillson, Chair of the California Collaboration for Youth. "This action by Commissioner Lara will provide the opportunity to properly insure our camps, buildings, and property moving forward, insuring our infrastructure in order to provide services to the youth of California. The California Collaboration for Youth thanks Commissioner Lara for once again working to help summer camps provide unforgettable experiences for the children of California."

"This is a step forward in helping community associations find available, reliable, and affordable insurance coverage," said Kieran Purcell, Chair of the Community Associations Institute California Legislative Action Committee. "We support Commissioner Lara's continued efforts to promote wildfire safety measures while aggressively pushing insurance companies to write the coverage that our communities need."

"California's diverse farms need more than a one-size-fits-all solution for insurance," said California Farm Bureau President Jamie Johansson. "Increased FAIR Plan coverage limits give farm families greater options and security to plan for the future. We thank Commissioner Lara for continuing to support our agricultural community."

Since taking office, Commissioner Lara has prioritized increasing access to affordable insurance for California consumers and businesses. In October 2022, Commissioner Lara enforced the nation's first [Safer from Wildfires regulation requiring wildfire safety discounts](#) for homes and businesses. In [November 2021](#),

(MORE)

3-3-3 CALIFORNIA DEPARTMENT OF INSURANCE NEWS RELEASE

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Commissioner Lara ordered the FAIR Plan to increase its combined commercial coverage limits for the first time and, in [November 2019](#), he ordered the FAIR Plan to increase its personal dwelling coverage limit to \$3 million, doubling it from where it had been for two decades.

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Media Note:

- Under the agreement, the FAIR Plan will increase liability protection up to \$3 million.



Led by Insurance Commissioner Ricardo Lara, the California Department of Insurance is the consumer protection agency for the nation's largest insurance marketplace and safeguards all of the state's consumers by fairly regulating the insurance industry. Under the Commissioner's direction, the Department uses its authority to protect Californians from insurance rates that are excessive, inadequate, or unfairly discriminatory, oversee insurer solvency to pay claims, set standards for agents and broker licensing, perform market conduct reviews of insurance companies, resolve consumer complaints, and investigate and prosecute insurance fraud. Consumers are urged to call 1-800-927-4357 with any questions or contact us at www.insurance.ca.gov via webform or online chat. Non-media inquiries should be directed to the Consumer Hotline at 800-927-4357.

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