

## **BUT IT'S NOT FAIR!**

### The Sheet

California Insurance Commissioner Ricardo Lara wants to get you off the FAIR plan as soon as possible. His goal is to bring traditional fire insurance companies back to the California market, making these plans affordable and accessible, he said in an online public town hall meeting Tuesday.

Established by the state legislature 50 years ago, the FAIR plan is a last minute fire insurance policy that provides coverage for high-risk properties when traditional insurance companies will not.

California is currently facing an insurance crisis. As the state suffers heavy-blows from an increase in fires, insurance companies will raise rates and drop customers, leaving more people to rely on the FAIR plan.

The insurance currently provides plans for over 610,000 clients, according to the FAIR plan's official website. FAIR is seeking a 35.8% increase in insurance rates. If the California Insurance Commission approves the proposal, these increased rates would be implemented in April 2026.

Lara believes the FAIR plan fails to adequately serve Californians in the aftermath of devastating fires. He pointed to the insurance efforts and its shortcomings after the January Palisades and Eaton fires in Los Angeles, and he is going so far as to take FAIR to court.

"We are filing a legal action against the FAIR plan over its failure to handle smoke claims correctly, which we will hear in front of an administrative law judge," Lara said. "Enough is enough."

While the FAIR plan was state created, it is privately run. The FAIR plan covers fire damage, but nothing else, which leaves policyholders needing a second policy to cover liability payments and water damage.

"You should not pay more than is required," Lara said. "That is why we are stopping the growth of the FAIR plan. Getting insurance companies back in the marketplace is essential."

What are these other insurance options? Good question.

“There are four types of insurance companies, the brands you know, the ones that advertise,” said Amy Bach, United Policyholders Executive Director, during the town hall. “They’re full license.”

“There’s a newer kind of insurance company that’s coming in strong,” she added. Bach didn’t name these insurance companies.

Lara mentioned “numerous complaints on how State Farm is handling [fire] claims” have been filed. Lara’s team is currently investigating these reports.

Perhaps new insurance companies, like the one Bach mentioned, will take the FAIR plan’s place.

“You can’t afford something that doesn’t exist,” Lara said. “Our first and foremost priority is getting insurers back into the state and recommitting to our insurance market.”

The need for coverage from these fire insurance companies is pressing.

“This year alone, we’ve responded to nearly 7,500 wildfires that have burned half a million acres,” said Chief Daniel Berlant, California Fire Marshal, during the town hall. “Thirty-one people have died and 15,000 homes and buildings have been damaged.”

Once a home catches on fire, he added, it has a 90% chance of being completely destroyed.

Berlant then dove into fire-defensible home-hardening strategies, such as keeping plants five feet away from the structure and trimming tree branches to avoid flames jumping to the roof.

In preparation for the worst case scenario, insurance is “always worth the cost,” Bach said.

“Make an informed decision, otherwise you’re going to be grossly under ins