

[Insurance Commissioner to Order Increased FAIR Plan Coverage Options](#)

The Pine Tree

Sacramento, CA...As wildfire risk drives more non-renewals of homeowner insurance across the state, Insurance Commissioner Ricardo Lara is taking action to help homeowners find adequate coverage to protect their homes by ordering the FAIR Plan to offer a comprehensive policy in addition to its current dwelling fire-only coverage by June 1, 2020, with traditional homeowner features, such as coverage for water damage and personal liability. He also ordered the FAIR Plan to increase coverage limits and to offer a no-fee monthly payment plan as well as allow for policyholders to pay by credit card or electronic funds transfer without any fees.

The growing unavailability of homeowners and fire insurance has touched virtually every county in the state and threatens home values, real estate transactions, tax revenues, emergency services, and the integrity of California communities.

“I am taking this action after meeting with thousands of California homeowners across the state who are struggling to find coverage to protect their homes,” said Commissioner Lara. “People forced to use the FAIR Plan as temporary insurance deserve the same coverage provided by traditional insurers. This crisis requires the FAIR Plan to provide a comprehensive option for Californians who have no other option for homeowners insurance.”

Amy Bach, Executive Director of United Policyholders, joined Commissioner Lara in support of the changes.

“United Policyholders is hearing from panicked consumers daily. Homeowners throughout the state are between a rock and a hard place and desperate for help finding affordable insurance,” said Bach.

“Commissioner Lara has heard their pleas and is taking decisive action.”

Effective April 1, 2020, the FAIR Plan will increase the combined dwelling coverage limit from \$1.5 million to \$3 million. Increasing the FAIR Plan’s dwelling coverage limit makes sense in today’s real estate market in California. In many areas where people are forced to turn to the FAIR Plan for coverage, they find the \$1.5 million coverage limit is not enough and need to find additional coverage, often through the

surplus lines market.

The Commissioner also ordered the FAIR Plan to offer consumers a monthly payment plan and to be able to pay by credit card or electronic funds transfer—all without fees.

These changes are in addition to other changes that Commissioner Lara convinced the FAIR Plan to undertake earlier this year, including providing more transparency in their meetings and allowing the Department of Insurance to participate in those meetings and mandating the FAIR Plan obtain Department approval prior to disbursing operating profits back to participating insurers.

The FAIR Plan is established under California law as the homeowners' "insurer of last resort," and requiring the FAIR Plan to offer a comprehensive homeowners' policy, known as HO-3 coverage, will save consumers from having to purchase a second companion policy to cover other hazards such as liability, water damage, and theft. While the FAIR Plan is intended as a temporary solution, it is important that its product mirrors traditional coverage as much as possible. Many of the affected California homeowners have already been inconvenienced by planned power outages by utilities, mandatory evacuations, and repeated wildfire threats year after year. Requiring these same homeowners to have to piece together multiple policies to achieve full coverage is needlessly burdensome.

"Restoring stability to the homeowners and fire insurance marketplace will take everyone working together to find solutions," said Commissioner Lara. "By involving homeowners, advocates, local and state government, and insurance companies, I am confident we will find common sense solutions."