



AGENT & BROKER ALERT

California Insurance Commissioner Ricardo Lara

California Department of Insurance Increases FAIR Plan Commercial Coverage Limits for HOAs, Condos, Farms, and Businesses

October 17, 2023 — Earlier this year Insurance Commissioner Ricardo Lara acted to expand commercial coverage through the FAIR Plan, California's insurer of last resort. Commercial coverage is available through the FAIR Plan to homeowners associations, condo associations, farms, and businesses of all kinds when they are unable to find insurance through the normal market.

Now the Department of Insurance has approved the FAIR Plan to increase commercial coverage limits to \$20M per location for its Commercial Property Program and Business Owner's Program (BOP).

The effective date for the higher commercial property limits will be no later than November 1, 2023 and the effective date for the higher BOP limits will be no later than December 14, 2023.

Commissioner Lara also announced that he has [reached an agreement](#) with insurance companies to increase writing in wildfire distressed areas. As part of that he will direct the FAIR Plan to increase its commercial limits again to \$20 million per building, responding to consumers who need temporary coverage.

The FAIR Plan has confirmed that maximum limits may be increased for policies that renew before the implementation dates above once the new limits have been implemented. When these policyholders request a new policy with higher limits, the FAIR Plan has agreed that:

1. There will be no additional administrative cost or fee to process;
2. Photo and inspection requirements will be waived; and,
3. FAIR Plan will not cancel the existing policy until it is certain the new policy with higher limits can be issued to avoid any coverage gap.

FAIR Plan is a critical insurance option for California residents and businesses

Established more than 50 years ago to provide insurance options for Californians, the FAIR Plan's mission is to protect consumers. The Department of Insurance, led by Insurance Commissioner Ricardo Lara, exercises oversight under California law to make sure the FAIR Plan addresses the changing needs of Californians.

While created by the Governor and Legislature, the FAIR Plan is a private association whose day-to-day operations are controlled by insurance companies, not taxpayers.

The FAIR Plan is available to California residents and businesses in urban and rural areas who cannot obtain insurance through a regular insurance company.