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CALIFORNIA CONSUMER ALERT

Insurance Commissioner Ricardo Lara

Commissioner Lara and Assemblymember Calderon announce legislation transforming the California FAIR Plan

The “Make It FAIR Act” AB 1680 implements customer service, claims, and transparency reforms identified in a comprehensive examination by the Department of Insurance

February 2, 2026 - Insurance Commissioner Ricardo Lara and Assembly Insurance Committee Chair Lisa Calderon today announced new legislation to overhaul the FAIR Plan, strengthening claims handling, expanding coverage options, and improving transparency for wildfire survivors. The Make It FAIR Act, authored by Assemblymember Calderon and sponsored by Commissioner Lara enacts key reforms identified in the California Department of Insurance’s recent Report of Examination, which found the FAIR Plan had failed to comply with 17 critical recommendations related to financial condition, corporate governance, and consumer protections.

The Department’s [Report of Examination](#) – the most comprehensive review of the FAIR Plan in decades — revealed systemic problems that have left wildfire survivors struggling with delays, denials, and inconsistent claims decisions, particularly after the 2025 Los Angeles wildfires, the largest urban wildfire disaster in state history.



“Since my first year in office, I’ve pushed the FAIR Plan to modernize, expand coverage, meet basic customer-service standards, and treat policyholders fairly — yet its governing board has resisted key reforms and continues to fight others in court,” said Commissioner Lara. “The Southern California wildfires and the smoke-damage crisis didn’t create these failures, they exposed them. Families with standing homes are still fighting for simple answers about contamination and safety, and that is unacceptable. The Make It FAIR Act turns years of our work into enforceable requirements, so the FAIR Plan finally delivers real coverage, real accountability, and real help for wildfire survivors.”

“Property insurance isn’t a luxury in California, it’s a necessity. Californians need a reliable and dependable source of insurance in good times and bad times. The California FAIR Plan is our property insurance safety net and we need this association to work for all Californians,” said Assemblymember Calderon. “As market conditions change, the FAIR Plan needs to evolve to meet these needs, which is why I’ve introduced AB 1680. Californians do not want to be non-renewed but if they are, we need to ensure comprehensive coverage is available. Providing more stability and options at a time when the voluntary insurance market is still playing tug-of-war is needed now, in this moment.”

As climate change has contributed to more severe wildfires and winter storms, decades-old insurance laws have not kept pace. The payment of insurance claims from insurance companies for the Los

Angeles wildfires is already the fastest on record, with [\\$22.4 billion distributed](#) since January 2025 — including by the FAIR Plan — along with \$6 billion in federal, state, local, and private donations committed. Yet the Department has [taken formal legal action against the FAIR Plan](#) for illegally denying hundreds of smoke damage claims. While that case is scheduled for hearings in front of an administrative law judge later this year, wildfire survivors with standing homes urgently need answers.

Despite major efforts under Commissioner Lara to improve the FAIR Plan's performance and accountability, wildfire survivors have continued to report ongoing problems accessing their FAIR Plan insurance benefits, with delays, denials, and miscommunication at the top of the list of consumer complaints filed with the Department since the January 2025 Los Angeles wildfires.

The Make It FAIR Act would improve coverage and claims handling by the insurance company-run FAIR Plan. The legislation would enact reforms outlined in a comprehensive [Report of Examination](#) completed last month by the Department. The comprehensive examination evaluated the FAIR Plan's financial conditions, corporate governance, and controls to protect policyholders across 32 areas — finding that in more than half of them, the FAIR Plan had not started or fully implemented the Department's recommendations. The legislation would require the FAIR Plan to make significant operational and governance changes to meet Californians' needs, while market improvements take hold, such as:

- Implementing a more comprehensive homeowners coverage option like other insurance companies. Current FAIR Plan residential policyholders must buy a separate insurance policy — at an additional cost — to have coverage for water damage, liability if someone is injured on their property, and other standard coverages. This is unacceptable, and the FAIR Plan has been fighting Commissioner Lara in court to prevent this change since 2019.
- Hiring more staff to manage its increasing operational needs and workload as well as expeditiously address consumer claims and complaints.
- Expediting policyholders in returning to the regular market by improving clearinghouse programs created by the State Legislature. The Department found only some insurance companies participate in the program, undermining the Legislature's intent in creating the programs.
- Adopting a three-to-five-year strategic plan, like other insurance companies, to anticipate changes in the market, improve policy handling, and assist people in leaving the FAIR Plan under Commissioner Lara's Sustainable Insurance Strategy.
- Improving transparency by providing public access to meetings and documents of the FAIR Plan's Governing Committee and Subcommittees, including mandating the creation of an Annual Report discussing the year in review, governance updates, premium rate information, catastrophe response plans, strategic plans, and initiatives to enhance and improve policyholder service and related metrics.
- Prioritizing policyholders' resilience from climate change by adopting a formal climate risk assessment, while reporting climate-related financial risks in line with how more than 85% of the national insurance markets report risks based on the standards established through the National Association of Insurance Commissioners.
- Creating a formal capital and liquidity management plan like other insurance companies to protect from unexpected events such as major wildfires or storms.

The Make It FAIR Act builds on reforms Commissioner Lara advanced after the Los Angeles wildfires, including new wildfire-safety grants, expanded insurance discounts, faster claim payouts for survivors, extended non-renewal protections for businesses, stronger FAIR Plan financial safeguards, and modernized insurance laws to increase transparency and accountability. Commissioner Lara's leadership has positioned California as a national leader in wildfire-resilience policy — from advancing community-level mitigation standards to championing the nation's first public wildfire catastrophe model.