



June 13, 2025

Honorable Susan Rubio, Chair  
Senate Insurance Committee  
1020 N Street, Room 258  
Sacramento, CA 95814

**RE: AB 226 (Calderon and Alvarez) California FAIR Plan Association – CO-SPONSOR/SUPPORT  
(As Amended 5/29/2025)**

Dear Chair Rubio:

We, the undersigned business consumers, are currently facing real challenges in finding affordable and available commercial insurance and commercial residential insurance for our business operations in California. This problem is growing in magnitude daily and is adding substantial increased costs to our business operations that are being directly borne by our customers. In some cases, the increase in costs is so prohibitive, we have ceased our business operations altogether until this insurance crisis is addressed.

AB 226 (Calderon and Alvarez) is a positive first step in addressing the current crisis we are facing as consumers in California in securing more affordable insurance for our business operations. AB 226 will ensure that the Fair Access to Insurance Requirement Plan (FAIR Plan) has additional tools to ensure it has greater claims paying capacity and is more resilient after the major catastrophic events that occurred in Southern California. The goal is to return the admitted insurance market to a competitive insurance marketplace and give consumers more choices and more affordable insurance products.

AB 226 increases stability of the insurance market and helps address the current insurance crisis by giving the Insurance Commissioner the authority to work with the FAIR Plan who in turn can work with financial institutions to issue bonds to strengthen the claims-paying capacity of the FAIR Plan and repay bonds issued for that purpose. This would reduce the large assessments that are currently being borne by consumers and insurers that exists under the current financial structure. It also allows the FAIR Plan to enter into short-term lines of credit to assist in post-disaster claims payments.

Without AB 226, current California law provides no clear legal authority for the FAIR Plan to enter into these financial contracts to increase the claims paying capacity of the FAIR Plan. As a result of these limitations, insurers are forced to immediately pay these assessments within 30 days of assessment, which increases financial pressure on insurers to reduce their exposure in the FAIR Plan by non-renewing existing policies (Some insurers have already started non-renewing policies due, in part, to the FAIR Plan exposure). To ensure financial stability of the FAIR Plan, AB 226 would authorize the FAIR Plan to enter into these financial arrangements and allow for a more gradual repayment process of these debts over a period of time (normally 10 years or more). Furthermore, AB 226 requires any debt payment to first be paid by existing FAIR Plan funds limiting assessments on policyholders or insurers.

**For the California Building Industry Association**, the insurance crisis is putting tens of thousands of new condominium units on hold from being constructed throughout the state of California until a more affordable and practical commercial insurance market can be created. Condominium homes are the most affordable and attainable first-time home buyer product in California.

**For the California Association of REALTORS®**, the FAIR plan remains a vital piece of California's insurance market, and its continued viability is crucial to the ability of California's homeowners to protect their most valued asset: their homes.

**California Farm Bureau members work and live in regions of the state** often directly impacted by the wildfire risks, driving insurers out of the state and driving their members into the FAIR Plan. Without belaboring the irony that farms and ranches provide natural mitigation to these very risks, the reality is that the lack of access to affordable, comprehensive insurance will force farms out of production.

**Independent agents and brokers have been severely harmed by the continuing crisis of availability in property insurance.** They are struggling financially, and emotionally, because they can't procure suitable insurance coverage to help their policyholders and neighbors adequately protect their homes and businesses.

Because the FAIR Plan is growing at an alarming and unsustainable rate, AB 226 has an urgency clause to ensure that it can immediately assist with addressing the horrific fires that have occurred in Southern California, which have already impaired the FAIR Plan, requiring immediate assessments that have already cascaded down to the entire homeowners and commercial insurance market. This has put additional pressure on an already fragile insurance market that is creating undue financial burdens on California's insurance consumers.

Sincerely,

Dan C. Dunmoyer, President and CEO, California Building Industry Association

Sanjay Wagle, Sr. Vice President of Government Affairs & Chief Lobbyist, California Association of REALTORS®

Debra Carlton, Executive Vice President of State Government Affairs, California Apartment Association

Tom Freeley, President & CEO, California Association of Community Managers

Jill Epstein, CEO, Independent Insurance Agents and Brokers of California

Michael Miiller, Director of Government Relations, California Association of Winegrape Growers

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Indira McDonald, KP Public Affairs, on behalf of California Mortgage Bankers Association

Matthew Hargrove, President & Chief Executive Officer, California Business Properties Association, and BOMA California, NAIOP California, IREM California

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