To Honorable Steve Padilla, Chair Senate Insurance Committee
Members, Senate Insurance Committee

RE: AB 69 (Limon) – Oppose Unless Amended

June 15, 2026

Dear Chair Padilla & Members of the Senate Insurance Committee:

On behalf of Independent Insurance Agents & Brokers of California, American Agents Alliance, Family Business Association of California, California Insurance Wholesalers Association, and National Association of Insurance and Financial Advisors we write to express our strong opposition to AB 69.

AB 69 would set a dangerous precedent by exposing a broker's client list and confidential policy information so that competing insurers may directly solicit those clients — without consent and without compensating the broker. For small businesses, a client list is not merely a record; it represents a significant share of the company's value, goodwill, and livelihood. Allowing competing insurers to leverage FAIR Plan data to bypass independent agents would fundamentally undermine the Broker of Record system that has protected consumers and supported fair competition for generations.

The Broker of Record designation is far more than an administrative formality. It reflects the substantial investment brokers make in evaluating risks, securing coverage, and providing ongoing service on behalf of their clients. California's insurance marketplace has long recognized that insurers and competitors who obtain access to work products produced by an agent or broker may not use information obtained through that broker's efforts to appropriate the customer relationship. AB 69 would discard that foundational principle for thousands of FAIR Plan policyholders.

The FAIR Plan is not a governmental agency; it is a private insurance mechanism operated by California's largest insurers. AB 69 would permit those same insurers to leverage customer data obtained through the FAIR Plan to directly compete against the independent agents and brokers who originated and serviced that business — turning a consumer protection mechanism into a competitive weapon. Such an approach is neither necessary to achieve depopulation nor consistent with longstanding principles of fair competition.

AB 69 is premised on a flawed diagnosis. The FAIR Plan is overpopulated because insurers stopped writing property coverage in California and nonrenewed existing policies after being unable to secure adequate rates — not because brokers have failed to move clients. Regulatory rate suppression transformed the FAIR Plan from the market of last resort into the preferred market for property coverage. The FAIR Plan itself has testified that its rates would need to increase by 80% to become actuarially sound, and the Insurance Commissioner has acknowledged that market normalization may take two to five years.

Brokers placed clients in the FAIR Plan because no other option was available. They will move those clients to the private market once insurers return and FAIR Plan rates exceed those in the voluntary market — exactly the dynamic the market is designed to produce. AB 69 does nothing to accelerate that process: it does not require insurers to write property coverage, compel the Commissioner to approve rates promptly, or mandate that FAIR Plan rates become actuarially sound. It simply redirects the benefit of brokers' work to the insurers who created the problem.

We have engaged constructively with the author and offered five alternative approaches — each endorsed by the SB 254 Study Report — that would more directly address FAIR Plan depopulation while preserving broker-client relationships, protecting the value and investment of small businesses, and safeguarding consumers against the risk of inadequate or underinsurance.

We share the goal of FAIR Plan depopulation. The question is not whether it should occur, but how. AB 69 targets the wrong problem, weakens the Broker of Record system, and exposes consumers to the real danger of inadequate coverage when policies are moved without proper counseling or individualized review.

For these reasons, we respectfully urge a "NO" vote on AB 69 and welcome the opportunity to work on solutions that are effective, equitable, and consumer protective.

Sincerely,

John Norwood, Managing Partner, Norwood Associates on behalf of Independent Insurance Agents and Brokers of California & California Insurance Wholesalers Association

Shari McHugh, Partner, McHugh Koepke Padron on behalf of National Association of Insurance & Financial Advisors of California

Mike D'Arelli, Executive Director, with American Agents Alliance

Tim Taylor, Policy Director with National Federation of Independent Business

Robert Rivinius, President of Family Business Association of California

CC:

Arnell Rusanganwa, Legislative Director, Office of Assemblymember Calderon

Brandon Seto, Principal Consultant, Senate Insurance Committee

Jesse Herzer, Consultant, Senate Republican Caucus