Please share this with everyone in your office who handles FAIR Plan business.

Broker Commission Restructuring

Overview

Over the past several years, the number of California FAIR Plan (CFP) policies in force has continued to grow while traditional insurance companies have continued to withdraw from the market for higher-risk properties. After careful consideration of the insurance market, including the rate increase recently approved by the California Department of Insurance and consideration of the commissions offered by other insurers, CFP has determined it needs to restructure its broker commission rates to support long-term financial stability, minimize future rate increases and ensure we can continue meeting our obligations to policyholders and our member companies.

What You Need to Know

- Commissions changes will impact Dwelling Fire, Commercial/Commercial High Value, and BOP business (but not CEA business).
- The new business commission percentage is lowered from 10% to 7%, and the renewal commission percentage is lowered from 8% to 3% for policy terms effective October 15, 2026, or later.
- This change affects all brokers.
- The recently approved rate increases will mitigate the impact of the broker commission restructuring.
- We encourage all brokers to continue conducting diligent searches for comprehensive coverage in the traditional marketplace and place policies there whenever available.
- Policies written or renewed ***before*** the October 15, 2026, effective date of the new rates will earn commissions at current new business (10%) and renewal (8%) percentages. Policies written or renewed ***on or after*** the October 15, 2026, effective date will earn commissions at restructured new business (7%) and renewal (3%) percentages based on the increased policy premium rates.

  Example:

  - Current policy term 8/1/2026 – 7/31/2027: ***Old*** commission rate/***Old*** premium rate
  - Renewal policy term 8/1/2027 – 7/31/2028: ***New*** commission rate/***New*** premium rate