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AB-234 California FAIR Plan Association governing committee. (2025-2026)

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Assembly Bill No. 234

CHAPTER 474

An act to amend Section 10094 of the Insurance Code, relating to insurance, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor October 09, 2025. Filed with Secretary of State October 09, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

AB 234, Calderon. California FAIR Plan Association governing committee.

The California FAIR Plan Association is a joint reinsurance association in which all insurers licensed to write basic property insurance participate to administer a program for the equitable apportionment of basic property insurance for persons who are unable to obtain that coverage through normal channels. Existing law establishes a governing committee for the association and prescribes its membership.

This bill would require the Speaker of the Assembly and the Chairperson of the Senate Committee on Rules to serve as nonvoting, ex officio members of the governing committee, and would authorize each to name a designee to serve in their place.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3 Appropriation: no Fiscal Committee: no Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 10094 of the Insurance Code is amended to read:

10094. (a) Within 30 days after the effective date of this chapter, with the approval of the commissioner, all insurers licensed to write and engaged in writing in this state, on a direct basis, basic property insurance or any component of basic property insurance in multiperil policies, shall establish an industry placement facility, the California FAIR Plan Association, to formulate and administer a program for the equitable apportionment among insurers of basic property insurance that may be afforded to persons having an interest in real or tangible personal property who, after diligent effort, as specified in subdivision (a) of Section 10093, are unable to procure insurance through normal channels from an admitted insurer or a surplus line broker. Each insurer, as a condition of its authority to transact those kinds of insurance in this state, shall participate in an industry placement facility program in accordance with rules to be established by a governing committee, composed of nine insurers annually elected in the manner to be provided in the program. The governing committee shall also have as nonvoting members one representative of insurance agents, one representative of insurance brokers, one representative of surplus line brokers, and one representative of the public, each to be appointed by the Governor. The Speaker of the Assembly and the Chairperson of the Senate Committee on

Rules shall serve as nonvoting, ex officio members of the governing committee, and each may name a designee to serve in their place.

(b) The governing committee may establish separate classifications of written premiums for the purpose of equitable distribution, but shall not include premiums from automobile risks, commercial agricultural commodities or livestock, or equipment used to cultivate or transport agricultural commodities or livestock.

(c) The program may provide, with the approval of the commissioner, for assessment of all members in amounts sufficient to operate the facility, and may establish maximum limits of liability to be placed through the program, reasonable underwriting standards for determining insurability of a risk, and commission to be paid to the licensed producer designated by the applicant.

SEC. 2. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

California is experiencing catastrophic wildfires in the state. Availability within the property insurance market normally provided by admitted insurers and licensed surplus line brokers is having the result that needed coverage is often unavailable in the normal insurance market, forcing consumers to resort to the California FAIR Plan Association. The association has grown to such an extent that its financial capacity to pay claims after a catastrophic fire is unlikely. Increased transparency is imperative.

The Legislature finds that access to basic property insurance suitable for protection of all types of habitational risk, including personal and commercial lines of insurance, has become increasingly unavailable and that, as a result, all Californians may suffer because of this unavailability. In order for insurance consumers to obtain adequate policy coverage from the California FAIR Plan, which is subject to regulation by the commissioner, as soon as possible, it is necessary that this act take effect immediately.