
SENATE COMMITTEE ON INSURANCE

Senator Susan Rubio, Chair

2021 - 2022 Regular

Bill No:	SB 1444	Hearing Date:	April 20, 2022
Author:	Allen		
Version:	April 18, 2022		
Urgency:	No	Fiscal:	No
Consultant:	Erin Ryan		

SUBJECT: California FAIR Plan

DIGEST: Requires the Fair Access to Insurance Requirements Plan (FAIR Plan) to include information and a hyperlink to the California Home Insurance Finder (Insurance Finder) on its internet website.

ANALYSIS:

Existing law:

- 1) Establishes the FAIR Plan to assure stability in the property insurance market in California, to assure the availability of basic property insurance as defined, to encourage maximum use of the normal market provided by admitted insurers and licensed surplus line brokers, and to provide for the equitable distribution among admitted insurers of the basic responsibility for insuring qualified property for which basic property insurance cannot be obtained through the normal market.
- 2) Requires all insurers admitted to transact property insurance in the state to participate in the FAIR Plan.
- 3) Requires the FAIR Plan to maintain a toll-free phone number and internet web site to provide information and assistance in applying for basic insurance through the Plan.
- 4) Establishes the California Home Insurance Finder on the California Department of Insurance (CDI) internet website to connect homeowners in need of insurance assistance to insurers, insurance agents or brokers to assist in finding residential property assistance.
- 5) Requires the CDI to annually survey licensed agents, brokers and insurers and include names, addresses, phone numbers and website addresses of those choosing to be included in the Insurance Finder, and aggregate that information by ZIP Code and languages spoken.
- 6) Requires insurers to provide information about the FAIR Plan and the Insurance Finder to those declined coverage and policyholders whose policy is being cancelled or non-renewed.

This bill:

- 1) Requires the FAIR Plan to include information and a hyperlink to the Insurance Finder on its internet website.

Background

According to the author:

In California's high-risk insurance markets, renters and homeowners must be aware of the full spectrum of insurance options before choosing the more costly California FAIR Plan policies. Created by the California Department of Insurance, the California Home Insurance Finder is an online tool that connects people looking for insurance with the agents and brokers licensed to serve them. SB 1444 helps consumers make better-informed decisions by ensuring they are connected with this comprehensive insurance resource even if they navigate directly to the California FAIR Plan website.

Existing law (Insurance Code sections 10090 – 10100.2) establishes the California FAIR Plan to act as the “insurer of last resort” for California homeowners and businesses who lack the availability of insurance in other private markets. The FAIR plan assures that homeowners and businesses have access to basic property insurance.

The FAIR Plan is intended to be the insurer of last resort. Until creation of the Insurance Finder in 2020, there was no central mechanism to search for homeowners' insurance among insurers other than the FAIR Plan. Although there are more than 100 insurers offering homeowners' insurance in the state, not all write policies in all areas, and many insurers have reduced the number of policies they will offer in high wildfire risk areas or have stopped offering insurance in those areas altogether. This has produced frustration and sometimes panic among homeowners who aren't aware of options other than the major insurers who advertise on television. Insurers must provide information about the FAIR Plan and the Insurance Finder when they decline to offer coverage or when they cancel or non-renew a policyholder. This can cause panic among some homeowners who then believe the FAIR Plan is their only option when that may not be the case. This bill will ensure that when a homeowner goes to the FAIR Plan internet web site they are made aware that they can first check with the Insurance Finder to see if they have other options. Independent insurance agents and brokers on the Insurance Finder may be able to offer policies from other lesser known insurers.

Related/Prior Legislation

AB 1875 (Wood, Chapter 629, Statutes of 2018) required the CDI to establish the California Home Insurance Finder by July 1, 2020.

SB 1302 (McGuire, Chapter 543, Statutes of 2016) required the FAIR Plan to establish and maintain an Internet Web site through which a person may receive information and assistance in applying for insurance.

SUPPORT:

Canyon Terrace Community Association (previous version of the bill)

OPPOSITION:

None received