

**From:** California Department of Insurance - CPRB <cdipress@insurance.ca.gov>  
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**To:** elena@harealtors.com  
**Subject:** Court delivers win for homeowners in expanding FAIR Plan coverage



CALIFORNIA DEPARTMENT OF INSURANCE  
NEWS RELEASE

**FOR IMMEDIATE RELEASE:**  
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**CONTACT:** (916) 492-3566 main  
Michael Soller: (916) 661-0556 cell  
Gabriel Sanchez: (213) 418-5338 cell

**MEDIA E-MAIL INQUIRIES:**  
[cdipress@insurance.ca.gov](mailto:cdipress@insurance.ca.gov)

**Court delivers win for homeowners  
in expanding FAIR Plan coverage**

*Upholds Commissioner Lara's order on FAIR Plan to offer a more  
comprehensive policy option and close coverage gaps*

**LOS ANGELES** — Insurance Commissioner Ricardo Lara issued the following statement after a state judge [supported his order](#) that the FAIR Plan offer homeowners a more comprehensive homeowners' insurance policy option.

“This ruling is a win for homeowners and an essential part of our ongoing strategy during this unprecedented time in our state. It upholds my authority to implement measures that enhance the availability and affordability of insurance coverages for consumers. While we continue to pursue long-term insurance solutions to safeguard Californians from climate change, it's essential that homeowners have a strong short-term option in the California FAIR Plan. Requiring Californians to purchase separate insurance policies only results in higher costs and greater confusion, leaving them on the hook for uninsured damage from a winter storm or burst pipe. Many FAIR Plan policyholders are seniors or families who cannot afford to pay these unexpected costs out-of-pocket. The sooner that the FAIR Plan can offer a more comprehensive policy option, the better for many Californians. This ruling is a step forward in achieving a balanced and robust insurance market that meets the needs of Californians. I will continue to put the needs of

California’s insurance consumers first through a sustainable insurance marketplace that serves all consumers.”

The FAIR Plan is California’s “insurer of last resort,” offering a bare-bones residential policy that covers fire and smoke damage but forces homeowners to purchase an additional policy at an increased cost to have coverage for liability, water damage, and other common perils. Many FAIR Plan policyholders do not, and cannot, purchase a Difference in Conditions (DIC) policy, increasing the coverage gap for vulnerable communities. Modernizing the FAIR Plan to meet Californians’ coverage needs is a key goal of Commissioner Lara’s [Sustainable Insurance Strategy](#), which he announced in September. This is the second time a judge has upheld Commissioner Lara’s action, supporting the Commissioner’s goal to restore stability in the property insurance market, including an expanded FAIR Plan policy as a short-term option for homeowners.

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**Media Notes:**

- The [ruling](#) by Los Angeles Superior Court Judge Curtis A. Kin, issued on November 27, is consistent with a [2021 ruling](#) by Los Angeles Superior Court Judge Mary Strobel upholding the Commissioner’s authority. Following that ruling, Commissioner Lara issued an [Amended Order 2021-2](#) to the FAIR Plan.
- Judge Kin denied the FAIR Plan’s request to vacate his amended order, upholding the Commissioner’s ability to order additional coverages including accidental discharge or overflow of water or steam; premises liability; incidental workers’ compensation; theft; falling objects; weight of ice, snow, or sleet; freezing; and loss of use, including coverage for additional living expenses and fair rental value. These are typically included in a standard comprehensive homeowners policy, but not offered under the FAIR Plan’s limited fire policy.
- FAIR Plan policyholders who want additional coverage must purchase a separate DIC policy offered by a private insurance company. Judge Kin wrote that “the prohibitive cost of DIC policies and confusion about what DIC policies cover supports the Commissioner’s desire to have an expanded policy as an option for homeowners, in furtherance of the goal of assuring stability in the property insurance market.”
- The FAIR Plan has approximately 330,000 residential policies in the state as of September 2023, according to its data.
- According to Department of Insurance data, approximately 40% of FAIR Plan policyholders insuring an owner-occupied dwelling do not have a DIC policy, leaving them uninsured for winter storm damage and other common losses.
- In 2022, FAIR Plan insured approximately 270,000 residential policies. About 200,000 of these policies insured an owner-

occupied dwelling, constituting roughly 3.1% of the state's homeowners' market. As of September 2023, FAIR Plan has shown growth exceeding 20% over last year.



Led by Insurance Commissioner Ricardo Lara, the California Department of Insurance is the consumer protection agency for the nation's largest insurance marketplace and safeguards all of the state's consumers by fairly regulating the insurance industry. Under the Commissioner's direction, the Department uses its authority to protect Californians from insurance rates that are excessive, inadequate, or unfairly discriminatory, oversee insurer solvency to pay claims, set standards for agents and broker licensing, perform market conduct reviews of insurance companies, resolve consumer complaints, and investigate and prosecute insurance fraud.

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California Department of Insurance - CPRB | 300 Capitol Mall, Suite 1700, Sacramento, CA 95814

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