May 5, 2020

The Honorable Tom Daly  
The Honorable Jim Wood  
California State Assembly  
State Capitol, Sacramento, CA  95814

AB 3012 (Day, Wood) Support

Dear Assembly Members Daly and Wood:

On behalf of the California FAIR Plan Association (the “FAIR Plan”), we are writing to support AB 3012 as amended on May 4, 2020. While we do not have a position on the other provisions of the bill, we enthusiastically support the amendments (1) requiring non-renewal policies to provide information about the California Home Insurance Finder, the FAIR Plan, and insurance available to supplement FAIR Plan policies; and (2) establishing a clearinghouse program which would provide the opportunity for admitted insurers to offer homeowners’ insurance policies to current FAIR Plan policyholders.

We believe these are important steps in the right direction in addressing California’s wildfire insurance coverage issues. It is important to provide a frequent, consistent message to policyholders letting them know that there are many resources available to help them replace their non-renewed coverage.

While the FAIR Plan frequently and repeatedly notifies brokers and policyholders that there are options available in the voluntary insurance market, we believe that a clearinghouse program is a significant benefit to our policyholders. A clearinghouse will help foster competition in the private market and could result in less concentration of risks in the FAIR Plan portfolio. In the long run, it would be beneficial for all consumers that remain in the FAIR Plan portfolio. It should be noted that states like Florida, Louisiana, and Massachusetts have successfully implemented such programs.

We appreciate everything that you are doing to help Californians recover from our state’s devastating wildfires and better prepare for and protect themselves against future wildfire disasters. The FAIR Plan stands ready to engage and support pathways (such as AB 3012) that could help address some of the policy challenges presented by the California wildfires. We look forward to continue working with you on these issues. Feel free to contact us if you have questions or comments.

Sincerely,

Anneliese Jivan
President

cc: Assembly Insurance Committee Members