



CITY OF LAGUNA NIGUEL

30111 Crown Valley Parkway, Laguna Niguel, California 92677
Phone: (949) 362-4300 Fax: (949) 362-4352

CITY COUNCIL

Mayor Kelly Jennings
Mayor Pro Tem Stephanie Oddo
Council Member Ray Gennawey
Council Member Gene Johns
Council Member Stephanie Winstead

May 28, 2024

The Honorable Susan Rubio
Chair, State Senate Committee on Insurance
1021 O Street, Room 3310
Sacramento, CA 95814

SUBJECT: AB 2260 (Calderon) California FAIR Plan Association
Notice of Support (As Amended 04/04/2024)

Dear Senator Rubio,

The City of Laguna Niguel **supports** AB 2260 (Calderon), requiring the broker of record of an insurance policy that has been placed in the California Fair Access to Insurance Requirements (FAIR) Plan to determine, prior to the renewal of the policy, whether the policy can be moved to a voluntary market insurance company. The measure would also require the FAIR Plan to produce regular progress updates, increasing transparency and ensuring improved claims handling practices.

The California FAIR Plan is designed to be a temporary safety net for property owners unable to find sufficient insurance in the traditional marketplace until coverage offered by a traditional insurance carrier becomes available. According to Assembly Member Calderon, two of the Assembly Insurance Committee's oversight hearings on the FAIR Plan emphasized that the FAIR Plan is under pressure as the "take-all" insurer of last resort.

On September 21, 2023, Governor Newsom issued an Executive Order— part of which seeks to prioritize maintaining the long-term resiliency of the FAIR Plan and counteract the recent deterioration of the private insurance market. One avenue for promoting the longevity of the FAIR Plan is to identify mechanisms that reduce its share of the overall market in underserved areas and move its customers into the traditional insurance market. The proposed addition of Section 10095.2 to the Insurance Code specifies that for the broker of record to "determine" whether the policy can be moved, they will utilize their knowledge of the property insurance market gained from actively placing, or attempting to place, the same or similar types of insurance. Continuity of fire insurance coverage between the FAIR Plan and traditional insurers is important for ensuring a smooth transition for California property owners.

The City of Laguna Niguel believes AB 2260 promotes the affordability and availability of homeowners and commercial property insurance. Fire insurance coverage is particularly important for our residents and business owners due to parts of the city being in a very high fire hazard zone. By reducing the concentration of policies in the FAIR Plan and increasing transparency, we can maintain the solvency of the FAIR Plan, restore the traditional insurance market, and, most importantly, best serve California property owners.

For these reasons, the City of Laguna Niguel **supports** AB 2260 (Calderon). We encourage the Senate Insurance Committee to support this critical legislation at an upcoming hearing. Should you have any questions about our position, please contact Kevin O'Connor, Management Assistant, at koconnor@cityoflagunaniguel.org.

Sincerely,


Kelly Jennings
Mayor