

FAQ: CALIFORNIA FAIR PLAN

What is the California FAIR Plan?

The California FAIR Plan is a property insurance program that provides coverage to homeowners in high-risk areas. The California FAIR Plan Association (FAIR Plan) is a program that provides insurance coverage to Californians who cannot find coverage through no fault of their own. This is often a result of having a home in a high-risk area.

Is the FAIR Plan an insurance company, similar to All State or Farmer's?

No, it is not. The FAIR Plan is a private association.

Like other specialized insurance products, such as the California Earthquake Authority that only provides coverage for earthquakes, the FAIR Plan is tailored to provide basic fire coverage.

It is not a state agency and is not funded by the state or other public agencies. However, the California Department of Insurance exercises oversight under California law to make sure the FAIR Plan addresses the changing needs of Californians.

What does the FAIR Plan cover?

The FAIR Plan provides coverage for property damage resulting from fire, lightning, smoke, and internal explosions. Specifically, it helps homeowners and businesses that may not be able to obtain standard insurance policies due to high-risk factors such as living in wildfire-prone areas. Coverage under the FAIR Plan typically includes damage to the structure of the property, including the building and attached structures, as well as the contents of the property that are damaged or destroyed by these events. However, it's important to note that the FAIR Plan often has limitations, such as no coverage for theft or vandalism after the fire, and may not cover all types of property damage. It is designed as a basic insurance option for high-risk areas, and policyholders are encouraged to explore additional coverage options to ensure complete protection.

How can I apply for the FAIR Plan?

California property owners should work with a broker to seek available coverage in the voluntary insurance market before turning to the FAIR Plan. If coverage is not available, a broker will help determine the appropriate amount of basic property coverage needed and submit an application to the FAIR Plan. Brokers may also secure a "Difference in Conditions" policy which, in combination with a dwelling policy from the FAIR Plan, can provide coverage similar to a traditional homeowners insurance policy. Fair Plan brokers can be found [here](#).

Does the FAIR Plan satisfy mortgage lenders' requirements?

Yes, it does. As an insurer of last resort, the FAIR Plan serves as a temporary safety net for property owners until traditional insurance coverage becomes available. FAIR Plan fire insurance policies satisfy mortgage lenders' requirements and protect homeowners against losses in the event of a fire and other named perils.

How much does the FAIR Plan cost?

The cost of the FAIR Plan varies based on several factors, but on average currently, the premium is approximately \$3,200 per year. However, this amount can fluctuate depending on the location of the property, the level of coverage selected, the value of the property, and any additional coverage or endorsements that might be added to the policy. For example, properties located in high-risk wildfire zones may see higher premiums due to the increased likelihood of fire damage. Additionally, the cost may be influenced by the type of property being insured (residential or commercial) and the specific risks associated with the area, such as proximity to wildfire-prone regions or other environmental factors.

While the FAIR Plan provides a necessary safety net for property owners unable to obtain standard insurance, it is important to understand that it offers more limited coverage than typical homeowners' policies. As a result, some property owners may need to supplement their FAIR Plan with additional insurance to fully protect their assets. It's advisable to shop around and consult with insurance professionals to ensure the coverage is adequate for specific needs.

What are the coverage limits?

The FAIR Plan's coverage limits are \$3 million for residential properties and \$20 million for commercial properties.



Can I get a discount on my FAIR Plan premium?

Yes, homeowners who take steps to fire-harden their properties may be eligible for a discount on the wildfire portion of their FAIR Plan premium. Fire-hardening refers to making modifications to a property that can reduce its vulnerability to wildfires, such as installing fire-resistant roofing materials, using ember-resistant vents, clearing defensible space around the property, and replacing wood siding with fire-resistant alternatives. These measures help to lower the overall risk of damage from wildfires and can make the property more resilient during a fire event.

Insurance companies, including those offering the FAIR Plan, often reward these proactive efforts with premium discounts as they reduce the likelihood of claims. The exact discount amount varies depending on the extent of the fire-hardening measures taken and the specific insurance provider's policies. Homeowners interested in these discounts should check with their insurer to determine which fire-hardened features qualify and what documentation might be required to prove the improvements. Additionally, it's worth noting that the discount typically applies only to the portion of the premium that covers wildfire-related risks, so homeowners may still need to pay the full premium for other types of coverage.

Where can I find more information about the FAIR Plan?

More information about the California FAIR Plan, including updates and information from the Dept. of Insurance can be found [here](#).