



County of Monterey

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February 10, 2025

The Honorable Lisa Calderon
California State Assembly
1021 O Street, Room 4650
Sacramento, CA 95814

RE: AB 226 (Calderon) California FAIR Plan Association. – SUPPORT

Dear Assemblymember Calderon,

On behalf of the County of Monterey, I am writing in support of your measure AB 226. As you know, The California Fair Access to Insurance Requirements (FAIR) Plan is a last-resort insurance option for homeowners and businesses that cannot otherwise obtain basic fire coverage. Given the increase in wildfire incidents in our state, there is greater demand than ever for FAIR Plan policies. AB 226 provides a necessary safety net by allowing the FAIR Plan to request that the California Infrastructure and Economic Development Bank issue bonds should the FAIR Plan run out of money. Additionally, the measure would allow the FAIR Plan to seek a line of credit if needed to ensure any subsequent catastrophe would not deplete the Plan and, as a result, collapse the entire homeowners and commercial insurance markets. Additionally, this bill would authorize the bank to loan the proceeds of issued bonds to an association, authorizing the association to enter into a loan agreement with a bank and to enter into a line of credit agreement with an institutional lender or broker-dealer.

Due to California wildfires' increasing frequency and intensity, insurance concerns have grown significantly in recent years. Insurance companies are becoming more reluctant to provide coverage in fire-prone areas, leading to policy non-renewals and elevated premiums, thus increasing the demand for the FAIR Plan. Ensuring that the FAIR Plan can offer affordable and comprehensive policies is of utmost importance to the County of Monterey. Residents of the County are increasingly facing challenges in securing homeowners' insurance due to their proximity to fire-prone areas. By increasing the financial tools available to the FAIR Plan to offset its increased exposure while also allowing associations to enter into loan agreements with banks ensures that this necessary safety net remains solvent. Therefore, the County of Monterey supports AB 226.

Should you have any questions, please feel free to contact Monterey County's Public Policy Advisor, Ashley Walker of Nossaman LLP, at 916-442-8888.

Sincerely,

DRAFT

Chris M. Lopez, Chair
Board of Supervisors

cc: The Honorable John Laird, 17th Senate District
The Honorable Robert Rivas, 29th Assembly District
The Honorable Dawn Addis, 30th Assembly District
California State Association of Counties (CSAC)
Rural County Representatives of California (RCRC)



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