CALIFORNIA
FAIR PLAN
PROPERTY INSURANCE

Strategic Plan

2026-2029

About the California FAIR Plan

OVERVIEW

The California FAIR Plan Association (FAIR Plan) was established under California Insurance Code sections 10090 et seq. as a private association that provides basic property insurance to Californians who cannot obtain coverage through the voluntary market through no fault of their own. It serves as a temporary safety net for property owners until voluntary-market coverage becomes available.

The FAIR Plan is committed to ensuring that Californians have access to basic property coverage and the peace of mind it provides. Basic property insurance covers specified perils, such as fire. Policyholders may supplement a FAIR Plan policy with a Difference in Conditions policy from the voluntary market to obtain coverage comparable to a comprehensive homeowners policy, such as an HO-3 policy. Although established by statute, the FAIR Plan is not a state agency, is not funded by taxpayers, and is not subject to Proposition 103. It is intended to be funded primarily through the policies it sells.

HISTORY

The FAIR Plan was established by statute more than 50 years ago in response to insurance-availability challenges following the 1965 Watts riots in Los Angeles. In August 1968, the Legislature created the FAIR Plan to address the lack of insurance availability in urban commercial districts.

Following later wildfires, the FAIR Plan expanded to offer insurance in designated brush areas. Today, it offers coverage throughout California to eligible risks that cannot obtain insurance in the voluntary market.

The FAIR Plan is a syndicated insurance placement facility. Under Insurance Code sections 10091(a) and 10095(a), all licensed property and casualty insurers that write basic property insurance in California are members of the FAIR Plan.

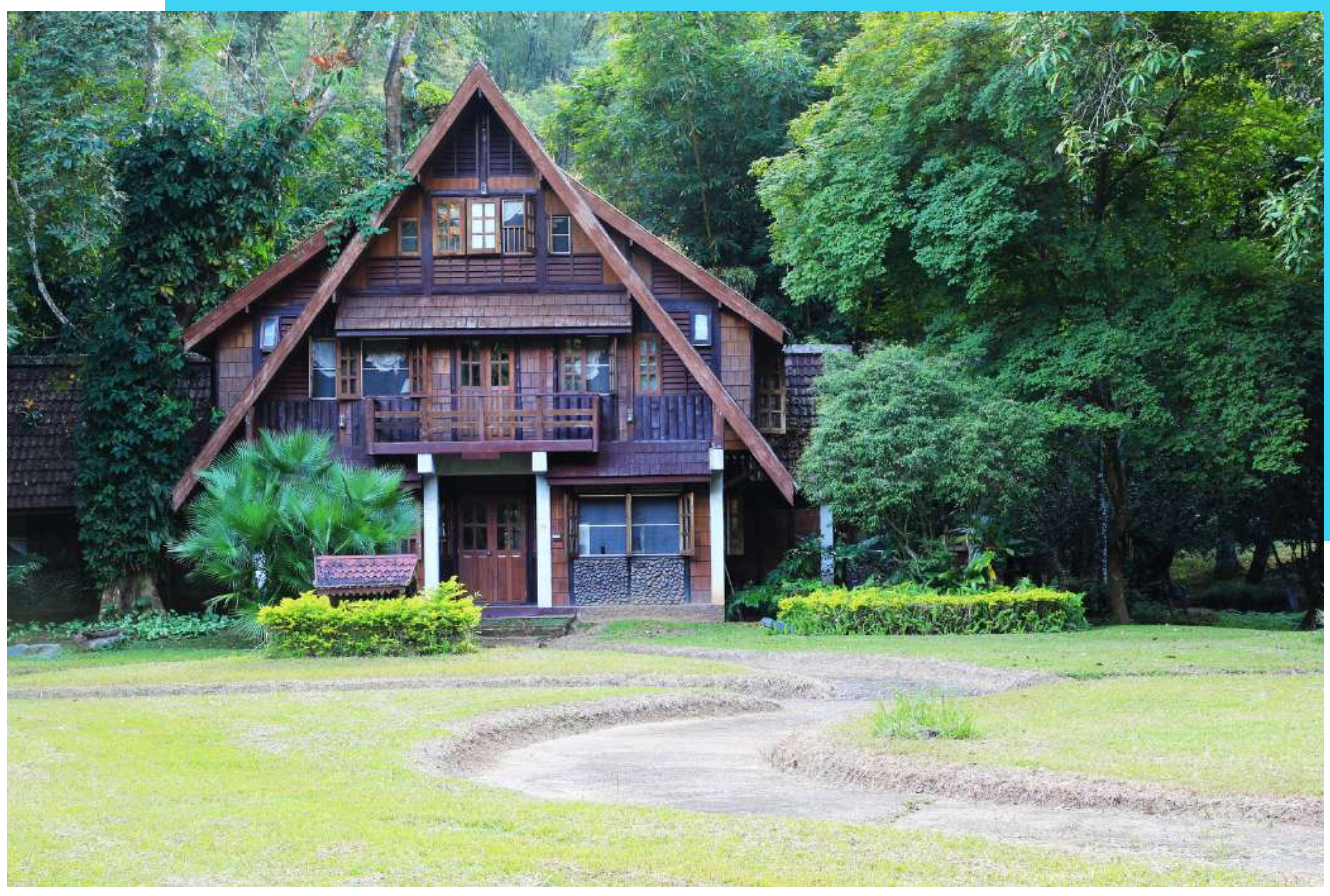
The FAIR Plan issues policies on behalf of its member companies. Each member participates in the FAIR Plan's profits, losses, and expenses in direct proportion to its share of property insurance business written in California. By statute, a governing committee administers the FAIR Plan.

The FAIR Plan is a private association, not a traditional insurance company. Accordingly, A.M. Best and other rating agencies do not rate or evaluate it.

Our Mission and Values

MISSION

The California FAIR Plan Association complies with state law by ensuring access to basic property insurance for California property owners and providing quality service to those who obtain coverage through the FAIR Plan after a diligent search of the voluntary market.



VALUES

In carrying out our mission, we embrace the following values:

- Service: We provide timely, meaningful service that meets the needs of our policyholders and brokers.
- Respect: We treat one another and those we serve with courtesy and respect, foster teamwork, and uphold our commitment to diversity, equity, and inclusion.
- Responsiveness: We maintain a workforce and infrastructure that efficiently support the FAIR Plan's mission.
- Sound Judgment: We apply knowledge and integrity to pursue the fairest course of action in every situation.

Coverage Offerings

The FAIR Plan offers two policy contracts. (The categories listed below are examples and do not represent our full range of services.)

RESIDENTIAL DWELLING FIRE POLICY

The Residential Dwelling Fire Policy provides coverage for a 1 to 4-unit building for a:

- Homeowner,
- Landlord, or
- Tenant
- Condo-unit owner

The dwelling fire policy is a named peril policy, which provides coverage for damage only caused by:

- Fire
- Lightning
- Internal Explosion
- Smoke

Optional coverages for perils such as vandalism and malicious mischief are available for an additional premium.

COMMERCIAL PROPERTY POLICY

The FAIR Plan also offers a Commercial Property Policy. This policy is available for:

- Habitational buildings
- Retail mercantile
- Manufacturing
- Office buildings
- Buildings under construction
- Farms and Wineries

Coverage Offerings

The Commercial policy is also a named peril policy which provides coverage for damage caused by:

- Fire
- Lightning
- Internal Explosion

Optional coverages for perils such as vandalism and malicious mischief are available for an additional premium.

BUSINESS OWNER'S PROPERTY (BOP) POLICY

The FAIR Plan currently also offers a **Business Owner's Property (BOP) policy**. This policy was added as a temporary solution to the market conditions when it was introduced. As the current market supports BOP policies, the FAIR Plan has filed with the CA Department of Insurance to withdraw this product.

Strategic Objectives

Under Insurance Code section 10090, the FAIR Plan's statutory purpose is to accomplish the following objectives:

(a) To assure stability in the property insurance market for property located in the State of California.

1. Serve as an efficient residual market, creating financially sound and scalable organizational systems and claim-paying capacity to meet policyholder needs.
2. Maintain a line of credit to bridge funding needs during a catastrophe and secure reinsurance protection for a 100-year event.
3. Implement governance over all external spending to strengthen vendor accountability and maximize value without disrupting core business operations.
4. Collaborate with the FAIR Plan Governing Committee (Board), CA Department of Insurance (CDI), and key stakeholders to establish a capital layer policy.

(b) To assure the availability of basic property insurance as defined by this chapter.

1. Establish a strong compliance framework across all operational functions to minimize regulatory exposure and ensure full adherence to statutory and regulatory requirements and the Plan of Operation.
2. Cultivate an engaged workforce by driving internal mobility, targeted upskilling, and performance-driven accountability.
3. Foster a culture of continuous improvement by identifying and implementing efficient, measurable processes.
4. Implement the use of Claims Third-Party Adjusting firms (TPAs) for daily claims support. This approach will provide daily adjusters with exposure to the Plan's policy language, technology, and processes. In the event of a catastrophe, these adjusters will be better positioned to lead and integrate additional TPA resources effectively.

(c) To encourage maximum use, in obtaining basic property insurance, of the normal insurance market provided by admitted insurers and licensed surplus line brokers.

1. Regularly remind brokers and customers to continue exploring coverage options in the voluntary market.
2. Send monthly communications to member companies and surplus-lines trade groups encouraging regular use of the Clearinghouse to move eligible policies to the voluntary market.
3. Expand Clearinghouse data to include FAIR Plan premium information, enabling better analysis of risks that may be eligible to move to the voluntary market.
4. Modernize broker commissions.
5. Engage Business Process Outsourcing (BPOs) to augment staffing in Underwriting, Customer Service, and Finance. BPOs provide additional capacity to manage current workloads while allowing CFP the flexibility to scale staffing levels up or down as market conditions change and staffing needs evolve.

(d) To provide for the equitable distribution among admitted insurers of the responsibility for insuring qualified property for which basic property insurance cannot be obtained through the normal insurance market by the establishment of a FAIR Plan (fair access to insurance requirements), an industry placement facility and a joint reinsurance association.

1. Maintain the integrity of the Association and its role in California's insurance market, with a consistent focus on protecting the public interest.
2. Build meaningful stakeholder engagement through proactive education and effective communication

Financial Results

YEAR-OVER-YEAR GROWTH

Growth results are reported by fiscal year, which runs from October 1 through September 30. The table below presents projected fiscal year-end results for 2026 and projected results for fiscal year 2027, as of 8/31/2026.

The FAIR Plan grew substantially in 2024 and 2025 as California's insurance-market crisis intensified beginning in late 2023. Growth slowed considerably in 2026, with a projected net increase of 57,060 policies in force (PIF). For 2027, PIF is projected to decline slightly by 4,047.

FYE	PIF	YoY % (PIF)	Premium	YoY % (Premium)	Exposure	YoY % (Exposure)
2024	464,900	+41%	$ 1.391B	+39%	$ 458.1B	+61%
2025	645,987	+39%	$ 1.932B	+60%	$ 696.1B	+51%
2026 (Proj)	703,047	+8.8%	$ 2.044B	+5.8%	$ 777.6B	+11.7%
2027 (Proj)	699,000	-0.6%	$ 2.516B	+22.3%	$ 769.4B	-1.0%

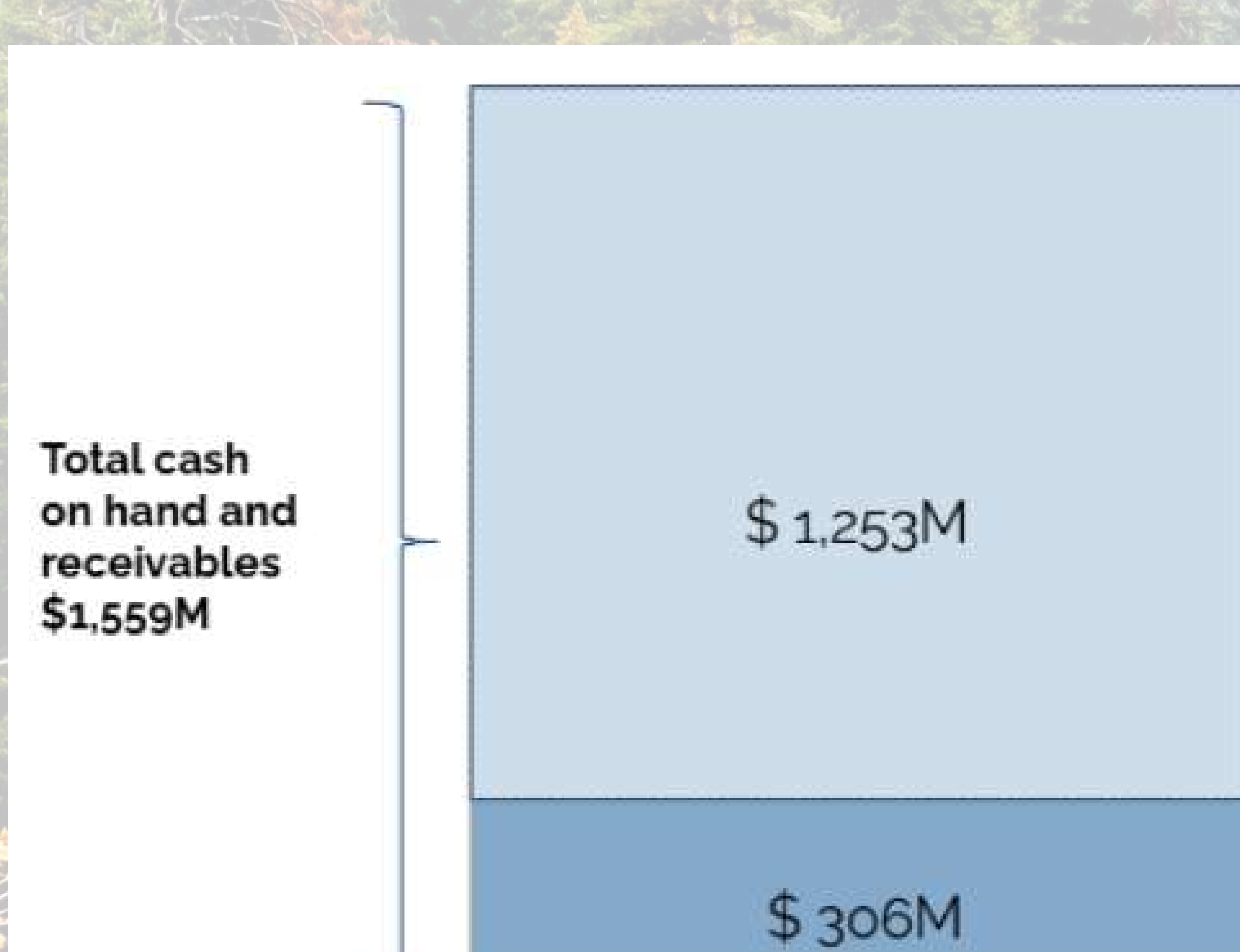
Capital Position

CAPITAL POSITION

As of July 31, 2026, the FAIR Plan reported $1.6 billion in receivables and cash on hand, including $306 million in surplus. The remaining balance of $1.25 billion was allocated to current outstanding liabilities, for example: unearned premiums, advanced premiums, loss and loss adjustment expense reserves and commissions payable. These liabilities will change over time, particularly after a catastrophic event, and may affect the FAIR Plan's ability to pay losses and expenses.

Available cash and claims-paying capacity as of July 31, 2026, are summarized below:

Available Cash as of July 31, 2026



Claims-paying Capacity

Reinsurance

REINSURANCE

The FAIR Plan purchases reinsurance to build a protection tower designed for a 100-year event. Each treaty year runs from March 1 through February 28, with more than 65 reinsurers participating annually. During the past year, the FAIR Plan added two three-year catastrophe bonds: a $750 million bond issued in December 2025 and a $400 million bond issued in March 2026.

CALIFORNIA FAIR PLAN PROPERTY INSURANCE

2026 Reinsurance Tower

Loss Amount (up to)	Reinsurance Pays	Cat Bond Pays	CFP / Industry Pays
$7,400,000,000	$4,616,700,000	$1,150,000,000	$1,633,300,000
$6,000,000,000	$3,966,700,000	$400,000,000	$1,633,300,000
$5,000,000,000	$3,366,700,000		$1,633,300,000
$4,000,000,000	$2,650,000,000		$1,350,000,000
$3,100,000,000	$1,750,000,000		$1,350,000,000
$2,300,000,000	$950,000,000		$1,350,000,000
$1,750,000,000	$400,000,000		$1,350,000,000
$1,350,000,000			$1,350,000,000

Line of Credit

LINE OF CREDIT

To minimize the need for an assessment in the event of another catastrophic fire loss, the FAIR Plan has secured a $600 million revolving line of credit which will act as a bridge, if needed, between the FAIR Plan's available cash on hand and its reinsurance retention.