CALIFORNIA FAIR PLAN

THE ASSESSMENT

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The California FAIR Plan, an insurer of last resort, was approved to assess its member companies a total of $1 billion to help cover the losses from the Southern California wildfires. This amount is in addition the premium policyholders had already paid for insurance intended to cover the resulting damage. Approved on February 11, 2025, the assessment will be sent to the participating insurance carriers, pro-rated based on each insurer's market share. The assessment is necessary to ensure the FAIR Plan can continue paying claims and operating, especially given the potential for further catastrophic events.

Amount	$1 Billion
Purpose	To cover losses from the Southern California wildfires, which the FAIR Plan was unable to cover with is own existing funds.
Method	The will be allocated based on the market share of each insurer's dwelling and commercial policies from two years prior.
Timing	Insurers are required to pay the assessment within 30 days of receiving notice.

What’s the potential for the carrier to recoup funds?
Insurers may be able to recoup a portion of the assessment from their policyholders through a “temporary supplemental fee,” over the next two years according to a policy implemented by Insurance Commissioner Ricardo Lara.

Why is this assessment necessary?
To date, the California FAIR Plan has received 4,794 claims from the Palisades and Eaton fires, continuing to receive new claims daily, and has paid out $914 million to policyholders.

Is that it? Could there be more?
The FAIR Plan has estimated its total loss from the Palisades and Eaton fires at approximately $4 billion and anticipates paying 75%, or $2.34 billion, of the remaining $3.125 billion reserved for unpaid losses over the next few months. The FAIR plan may be called upon to pay more if there are subsequent events later this year.