

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA

In the Matter of

THE CALIFORNIA FAIR PLAN
ASSOCIATION,

Respondent.

STIPULATION AND ORDER NO. 2023-2
PROMULGATING THE
CALIFORNIA FAIR PLAN
ASSOCIATION'S REVISED
PLAN OF OPERATION
(INSURANCE CODE § 10095)

RECITALS

WHEREAS, RICARDO LARA is the California Insurance Commissioner
("Commissioner");

WHEREAS, the California FAIR Plan Association ("FAIR Plan") is an involuntary
association of all admitted insurers licensed to write and engaged in writing Basic Property
Insurance in California, governed by Chapter 9 of Part 1, Division 2 of the California Insurance
Code¹, sections 10090 *et seq.*, ("Chapter 9");

WHEREAS, pursuant to section 10090, the FAIR Plan's purposes are:

- (a) to assure stability in the property insurance market for property located in the State of California;
- (b) to assure the availability of basic property insurance as defined by [Chapter 9];
- (c) to encourage maximum use, in obtaining basic property insurance, of the normal insurance market provided by admitted insurers and licensed surplus line brokers;
and
- (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;

WHEREAS, pursuant to section 10095, subdivision (g), administration of the FAIR Plan is
subject to the Commissioner's supervision;

WHEREAS, pursuant to Insurance Code section 10095, subdivision (f), the

¹ Unless otherwise noted, all statutory citations are to Chapter 9 of Part 1, Division 2 of the California Insurance Code, sections 10090 *et seq.*

1 Commissioner may, at any time, revoke approval of the FAIR Plan's Plan of Operation if he or
2 she feels it is necessary to carry out the purposes of Chapter 9;

3 WHEREAS, pursuant to Insurance Code section 10095, subdivision (g), the FAIR Plan is
4 required to amend its Plan of Operation at the direction of the Commissioner;

5 WHEREAS, the Commissioner and the FAIR Plan have jointly determined the current
6 Plan of Operation (Ed. 3/29/23) should be updated in three primary ways:

7 **I. Definition of "Basic Property Insurance"**

8 WHEREAS, Insurance Code section 10091, subdivision (c)(1), was amended effective
9 July 2021, to revise the statutory exclusions from the definition of "Basic property insurance" by
10 replacing the term "farm risks" with "commercial agricultural commodities or livestock, or
11 equipment used to cultivate or transport agricultural commodities or livestock";

12 WHEREAS, the FAIR Plan's current Plan of Operation (Ed. 3/29/23) continues to define
13 "Basic property insurance" as excluding, *inter alia*, "farm risks";

14 WHEREAS, the Commissioner and the FAIR Plan have jointly determined the current
15 Plan of Operation (Ed. 3/29/23) should be updated to reflect the current statutory language in
16 Insurance Code section 10091, subdivision (c)(1);

17 **II. Reasonable Underwriting Standards Approved by the Commissioner**

18 WHEREAS, pursuant to section 10094, subdivision (c), the FAIR Plan's underwriting
19 standards for determining insurability of a risk are required to be reasonable;

20 WHEREAS, based upon the results of the Market Conduct Examination, section 10094,
21 subdivision (c), and section 10095, subdivision (f), the Commissioner asserts that the
22 Department has authority to review and approve, prior to implementation, the FAIR Plan's
23 underwriting standards for determining insurability of a risk to ensure such standards are
24 reasonable;

25 WHEREAS, the FAIR Plan's current Plan of Operation (Ed. 3/29/23) provides general
26 guidance to the FAIR Plan regarding underwriting standards for both Division I and Division II
27 policies;

1 WHEREAS, the Department of Insurance (“Department”) conducted a targeted
2 examination of the rating and underwriting procedures of the FAIR Plan related to, *inter alia*, its
3 nonrenewal, cancellation, and declination practices for its dwelling fire book of business during
4 the period of January 1, 2016, to June 30, 2019 (the “Exam”);

5 WHEREAS, as a result of the Exam, the Commissioner determined that FAIR Plan used
6 three general practices that did not comply with California law including by, *inter alia*, using
7 vague and nonspecific underwriting guidelines to determine insurability of risks (“Underwriting
8 Issues”);

9 WHEREAS, based on the Underwriting Issues resulting from the Exam, the
10 Commissioner further determined that the Underwriting Issues meant that the FAIR Plan was not
11 in compliance with its obligation to implement reasonable underwriting standards;

12 WHEREAS, the Department adopted its findings from the Exam on April 27, 2021, in the
13 Report of the Market Conduct Examination of the Rating and Underwriting Practices, as They
14 Relate to Laws Other than CIC § 790.03, of the California FAIR Plan Association as of January
15 30, 2020 (the “Exam Report”);

16 WHEREAS, based on the Underwriting Issues resulting from the Exam and the Exam
17 Report, the Commissioner has determined to disapprove the FAIR Plan’s current Plan of
18 Operation (Ed. 3/29/23) to the extent it provides ineffective guidance to the FAIR Plan regarding
19 reasonable underwriting standards;

20 WHEREAS, the Department and the FAIR Plan collaboratively developed revised
21 reasonable underwriting standards to determine insurability of risks in FAIR Plan’s dwelling fire
22 rate filing no. 21-2452;

23 WHEREAS, the Commissioner approved FAIR Plan’s dwelling fire rate filing no. 21-2452
24 on July 24, 2023, including the newly revised reasonable underwriting standards for Division I
25 dwelling fire policies;

26 WHEREAS, the FAIR Plan revised its underwriting standards for commercial policies to
27 be the same or similar to those approved in rate filing no. 21-2452 in its commercial rate filing no.

1 21-3484;

2 WHEREAS, the Commissioner approved FAIR Plan's commercial rate filing no. 21-3484
3 on September 6, 2023, including the newly revised reasonable underwriting standards for
4 Division I commercial policies;

5 WHEREAS, the Commissioner expects FAIR Plan to incorporate the newly revised
6 reasonable underwriting standards in its currently pending rate filing no. 21-3138 for its Division
7 II Businessowners Policy program;

8 WHEREAS, the Commissioner and the FAIR Plan have jointly determined the current
9 Plan of Operation (Ed. 3/29/23) should be updated to reflect the revised reasonable underwriting
10 standards adopted in rate filing nos. 21-2452 and 21-3484 and expected to be adopted in rate
11 filing no. 21-3138 for both Division I and Division II policies;

12 WHEREAS, the Commissioner and the FAIR Plan have jointly agreed to amend the
13 current Plan of Operation (Ed. 3/29/23) to provide that the Commissioner has prior review and
14 approval authority over the FAIR Plan's underwriting standards for determining insurability of a
15 risk;

16 WHEREAS, the Commissioner and the FAIR Plan agree that, by adopting and
17 implementing the revised updated reasonable underwriting standards in its rate filings and a
18 revised updated Plan of Operation for both Division I and Division II policies, FAIR Plan will have
19 addressed the Underwriting Issues resulting from the Exam and the Exam Report;

20 **III. Technical, Nonsubstantive Changes**

21 WHEREAS, the Department and the FAIR Plan have agreed to make other technical,
22 nonsubstantive changes to the current Plan of Operation (Ed. 3/29/23) that will reduce duplicated
23 language and make the Plan of Operation easier to read;

24 WHEREAS, the purpose of this Stipulation is to resolve issues resulting from the Exam
25 and the Exam Report and to otherwise update the Plan of Operation for the reasons set forth
26 above;

27 WHEREAS, the Department and the FAIR Plan believe that it is in the public interest to
28

1 resolve this matter without the need for a hearing or any further administrative action;

2 WHEREAS, the Commissioner and the FAIR Plan have jointly drafted and agreed upon a
3 revised Plan of Operation (Ed. 11/30/23) (“New Plan”) addressing the above issues, attached
4 hereto as Exhibit A; and

5 WHEREAS, based upon all of the foregoing, the Commissioner deems the New Plan,
6 attached hereto as Exhibit A, necessary to carry out the purposes of Chapter 9.

7
8 **STIPULATION**

9 Based on the foregoing recitals, which are part of this agreement, the Department and
10 the FAIR Plan stipulate as follows:

11 1. The purpose of this Stipulation is to, *inter alia*, resolve the Underwriting Issues
12 resulting from the Exam and the Exam Report;

13 2. The Department and the FAIR Plan believe that it is in the public interest to
14 resolve this matter without the need for a hearing or any further administrative action;

15 3. This Stipulation is entered into as a result of arm’s length and good faith
16 discussions and negotiations between representatives of the Department and the FAIR Plan.
17 The FAIR Plan is fully aware of its legal rights in this matter, including the right to a hearing; the
18 right to confront and cross-examine witnesses, the right to the issuance of subpoenas to compel
19 the attendance of witnesses and the production of documents; the right to reconsideration and
20 court review of an adverse decision; and all other rights accorded by the Administrative
21 Procedure Act and other applicable laws. The FAIR Plan voluntarily and knowingly waives and
22 gives up each and every right set forth above, including without limitation any and all rights to
23 which it may be entitled pursuant to California Insurance Code sections 1858.1, et seq.;

24 4. This Stipulation represents a full and final settlement of all of the Underwriting
25 Issues resulting from the Exam and Exam Report between the Department and the FAIR Plan.
26 This Stipulation is intended by the parties to be an integrated writing representing the complete,
27 final, and exclusive embodiment of the Parties’ agreement regarding the Underwriting Issues. It

1 supersedes any and all prior or contemporaneous agreements, understandings, discussions,
2 negotiations, and commitments (written or oral). This Stipulation may not be altered, amended,
3 modified, supplemented, or otherwise changed, except by a writing executed by an authorized
4 representative of each of the parties;

5 5. If any provision of this Stipulation is held illegal or unenforceable in a judicial
6 proceeding, such provision shall be severed and shall be inoperative, and, provided that the
7 fundamental terms and conditions of this Stipulation remain legal and enforceable, the remainder
8 of this Stipulation shall remain operative and binding on the parties;

9 6. This Stipulation may be executed in one or more counterparts and shall become
10 effective when counterparts have been signed by each party and delivered to the other party.
11 The parties understand and agree that Portable Document Format (PDF) and facsimile copies of
12 this Stipulation, including PDF and facsimile signatures thereto, shall have the same force and
13 effect as originals;

14 7. Other than as set forth in the rate filings, the Exam Report, and this Stipulation,
15 the Parties agree no factual findings or legal conclusions have been made;

16 8. From approximately April 2021 until the present time, the FAIR Plan has met and
17 conferred with the Department, and will continue to meet and confer with the Department as
18 necessary, to address the Underwriting Issues arising from the Exam and Exam Report. As
19 described herein, the Department and the FAIR Plan have collaboratively developed revised
20 reasonable underwriting standards to determine insurability of risks for both Division I and
21 Division II policies;

22 9. The Commissioner has approved, and the FAIR Plan has agreed to adopt and
23 implement, reasonable underwriting standards for determining whether a risk is eligible for
24 coverage under the Plan as well as pricing and coverage options. Reasonable underwriting
25 standards shall mean specific, objective factors, or categories of specific, objective factors, which
26 have a substantial relationship to the loss exposure of the property. An insured or applicant
27 whose property meets the underwriting standards for eligibility to purchase coverage under the
28

1 Plan shall qualify to purchase the insurance.

2 A. Properties that are ineligible for coverage with the FAIR Plan include the
3 following:

4 i. Motor Vehicles, meaning automobiles and vehicles designed for use on
5 public roads that are subject to motor vehicle registration;

6 ii. Farm property, meaning commercial agricultural commodities or livestock,
7 or equipment used to cultivate or transport agricultural commodities or
8 livestock;

9 iii. Residential properties that are capable of being moved and that are not
10 affixed to a foundation;

11 iv. Buildings that are vacant or unoccupied for longer than one year, unless
12 the vacancy or lack of occupancy is due to ongoing construction;

13 v. Buildings that have been condemned or deemed uninhabitable by a civil
14 authority;

15 vi. Property used to store flammable or explosive materials in violation of law;

16 vii. Property used by the applicant or insured in the commission of a felony in
17 a manner that increases the risk of loss to the property, including arson,
18 fraud, or other insurance related offenses;

19 viii. Property owned by an applicant or insured with a felony conviction for
20 insurance-related offenses, including arson or fraud, within the last 10
21 years;

22 ix. Property intended to be demolished;

23 x. Lender-owned property; and

24 xi. Residential property that is used exclusively for storage.

25 B. Properties with substandard conditions are eligible for coverage with the FAIR
26 Plan but may be subject to a conditions surcharge, subject to the
27 Commissioner's prior approval. The FAIR Plan shall delineate specific

28

1 substandard conditions, with the Commissioner’s prior approval, that are
2 generally either:

- 3 i. A physical condition of the property that substantially increases the risk of
4 loss from a covered peril, including substandard construction, heating, or
5 wiring, or evidence of previous fires or general deterioration; or
- 6 ii. A present use or housekeeping of the property that substantially increases
7 the risk of loss from a covered peril, such as storage of rubbish or
8 flammable materials.

9 C. Neighborhood or area location or any hazard beyond the control of the
10 property owner shall not be deemed to be acceptable criteria for declining or
11 surcharging a risk and shall not make a property ineligible for coverage or
12 subject to surcharge with the FAIR Plan.

13 10. At the present time, the Department agrees that with these modifications to the
14 underwriting standards in the rate filings and the Plan of Operation, the FAIR Plan has or will
15 have achieved compliance with California insurance laws as to the Underwriting Issues resulting
16 from the Exam and the Exam Report;

17 11. The FAIR Plan acknowledges that this Stipulation is a public record as required
18 by Government Code section 11517(d) and that this Stipulation will be accessible to the public
19 pursuant to the Public Records Act, Government Code sections 6250 et seq. The Stipulation will
20 be posted on the Department’s Internet website pursuant to California Insurance Code section
21 12968;

22 15. The FAIR Plan acknowledges that California Insurance Code section 12921(a)(1)
23 requires the Commissioner to approve the final settlement of this matter. Both the settlement
24 terms and conditions in this Stipulation and the acceptance of those terms and conditions are
25 contingent upon the Commissioner’s approval. This Stipulation will become final and effective
26 when it is approved by the Commissioner as evidenced by the execution of the Order provided
27 below, expressly adopting this Stipulation. This Stipulation shall have no force or effect if it is not
28

1 approved by the Commissioner;

2 17. The FAIR Plan acknowledges that it freely and voluntarily executed this
3 Stipulation with full realization of its legal rights;

4 18. The FAIR Plan acknowledges that this Stipulation is effective on the date the
5 Order adopting it is executed by the Commissioner;

6 19. This Stipulation and Order includes all Underwriting Issues covered in the Exam
7 and the Exam Report up to the date of this Stipulation and Order. Nothing in this Stipulation
8 precludes any action of the Department in pursuing further action against the FAIR Plan for
9 failure to comply on a going-forward basis with the revised updated underwriting standards which
10 are the subject of this Stipulation and Order;

11 20. Nothing contained in this Stipulation and Order constitutes a limitation upon, or a
12 waiver of the rights and powers of the Commissioner to enforce any California law, to examine
13 the rating, underwriting and any other business practices of the FAIR Plan, to take corrective or
14 disciplinary action, to assess penalties against the FAIR Plan as provided for by law, or to take
15 such other action as necessary to protect the public. But the Department shall not seek any
16 additional penalty against the FAIR Plan based on any of the Underwriting Issues contained in
17 the Exam Report arising from acts occurring before the issuance of the Insurance
18 Commissioner's final order settling this matter;

19 21. The Commissioner retains jurisdiction to ensure that the Parties comply with the
20 provisions and terms of this Stipulation and the Order requested thereon;

21 22. For all of the foregoing reasons and as set forth in the New Plan attached hereto
22 as Exhibit A, it is necessary to amend the Plan of Operation to:

23 A. Amend the definition of "Basic property insurance" to conform with the
24 amended Insurance Code section 10091, subdivision (c)(1);

25 B. Revise the FAIR Plan's underwriting standards to reflect the reasonable
26 underwriting standards approved by the Commissioner and adopted in rate
27 filing nos. 21-2452 and 21-3484 and expected to be adopted in rate filing no.

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

21-3138 for both Division I and Division II policies; and

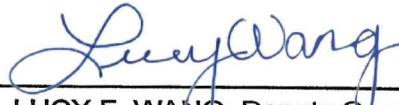
C. Make certain other technical, nonsubstantive changes.

23. This Stipulation will become final and effective when it is approved by the Commissioner as evidenced by the execution of the Order provided below, expressly adopting this Stipulation.

24. The Commissioner retains jurisdiction over the terms of this Stipulation and Order.

IT IS SO STIPULATED.

Dated: October __, 2023



LUCY F. WANG, Deputy Commissioner
Special Counsel to the California Insurance
Commissioner

Dated: October 25, 2023



VICTORIA ROACH
President, The California FAIR Plan Association

ORDER NO. 2023-2

Based on the foregoing stipulation, the Commissioner orders as follows:

1. The Commissioner hereby revokes the FAIR Plan's current Plan of Operation (Ed. 3/29/23) to the extent that such Plan of Operation continues to define "Basic property insurance" as excluding, *inter alia*, "farm risks";
2. The Commissioner hereby revokes the FAIR Plan's current Plan of Operation (Ed. 3/29/23) to the extent that such Plan of Operation provides ineffective guidance to the FAIR Plan regarding reasonable underwriting standards;
3. The Commissioner hereby revokes the FAIR Plan's current Plan of Operation (Ed. 3/29/23) to the extent that such Plan of Operation does not conform with the Commissioner's

1 and the FAIR Plan's technical, nonsubstantive changes;

2 4. The New Plan is hereby promulgated pursuant to Insurance Code section 10095,
3 subdivisions (f) and (g), and shall become effective on the date this Order is executed, without
4 further action by the Commissioner;

5 5. Order No. 2023-2 is hereby discharged upon the New Plan taking effect;

6 6. This order is final immediately upon execution.

7

8 **IT IS SO ORDERED.**

9 Executed this 30 day of November, 2023.


10

11

RICARDO LARA
California Insurance Commissioner

12

13

Bv 

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

EXHIBIT A

PLAN OF OPERATION (Ed. 11/30/23)

Ed. (11/30/23)

CALIFORNIA FAIR PLAN ASSOCIATION

This is the Plan of Operation (hereinafter referred to as the Plan) of the California FAIR Plan Association (hereinafter referred to as the FAIR Plan, the Association, or Placement Facility) as required by Section 10095 of the California Insurance Code.

The FAIR Plan has been formed by the insurance industry for the purpose of making certain Property Insurance available to responsible applicants who have been unable to secure such insurance in the normal insurance market.

FAIR Plan offers Basic Property Insurance which includes: (1) Dwelling and Commercial Property Policies, including owner-occupied, rental dwellings, course of construction, manufacturing, office buildings, and agricultural properties, designated in this Plan of Operation as Division I; and (2) a multi-peril Businessowners' Policy, designated as Division II in this Plan.

Section I – Purposes of Plan

The purposes of the Plan are:

- A. to make available, subject to the conditions hereinafter stated, Basic Property Insurance as defined herein;
- B. to establish a FAIR Plan (Fair Access to Insurance Requirements), and to provide for the equitable distribution and placement of risks among Insurers in the manner and subject to the conditions hereinafter stated;
- C. to conform with the applicable provisions of the Urban Property Protection and Reinsurance Act of 1968 and California Insurance Code, Chapter 9, Part 1, Division 2; and
- D. to encourage maximum use of the normal insurance market by admitted insurers and licensed surplus brokers.

Section II – Effective Date

The Plan shall become effective upon approval of the Commissioner.

Section III – Definitions

- A. "Insurer" means any insurance company or other organization which is licensed to write and is engaged in writing, Basic Property Insurance and other coverages with respect to such Basic Property Insurance, on a direct basis, in this State.

B. "Basic Property Insurance" means insurance against direct loss to real or tangible personal property at a fixed location in those geographic or urban areas designated by the Commissioner, from perils insured under the standard fire policy and extended coverage endorsement, vandalism and malicious mischief and such other insurance coverages as may be added with respect to such property by the Placement Facility with the approval of the Commissioner or by the Commissioner. Basic Property Insurance Division I policies shall not include insurance on automobile risks, commercial agricultural commodities or livestock, or equipment used to cultivate or transport agricultural commodities or livestock. (Insurance Code section 10091, subd. (c).)

"Businessowners Policy" ("BOP") means Basic Property Insurance Division II policies that shall include a combination of the Insurance Services Office (ISO)'s Standard Businessowners Property Coverage Form and ISO's Standard Businessowners Liability Coverage Form, including as modified with the Commissioner's prior approval, for coverage on certain small business operations necessary and incidental to the occupancy of the property. Basic Property Insurance Division II policies shall not include insurance on automobile risks, commercial agricultural commodities or livestock, or equipment used to cultivate or transport agricultural commodities or livestock. (Insurance Code section 10091, subd. (c).)

C. The terms "Association," "Placement Facility," or "FAIR Plan" as used in this Plan mean the joint reinsurance association known as the California FAIR Plan Association and formed for the following purposes:

1. to formulate and administer the Plan;
2. upon request by or on behalf of any person with an insurable interest applying for coverage with the FAIR Plan to distribute the risks involved equitably among the Insurers with which it is doing business; and
3. to place Basic Property Insurance, as defined in Paragraph B of this Section, up to the full insurable value of the risk to be insured subject to the limits of liability as stated in this Plan, with one or more Insurers with which it is doing business, except to the extent that deductibles, percentage participation clauses, and other underwriting devices are employed to meet special problems of insurability.

D. "Inspection Bureau" means the organization designated by the Placement Facility with the approval of the Commissioner to make inspections to determine the condition of the properties for which Basic Property Insurance is sought and to perform such other duties as may be authorized by the Placement Facility.

E. "Urban Area" includes any municipality or other political subdivision of this State, subject to population or other limitations defined in rules and regulations of the Secretary of the United States Department of Housing and Urban Development, and such additional areas as may be designated by the Commissioner.

F. "Geographical Area" means any area designated by the Commissioner or by the Committee with the approval of the Commissioner.

G. "Premiums Written" means gross direct premiums charged with respect to property in this State on all policies of Basic Property Insurance and the Basic Property

Insurance premium components of all multiperil policies, less returned premiums, dividends paid or credited to policyholders, or unearned portions of premium deposits.

- H. "Commissioner" means the Insurance Commissioner of the State of California.
- I. "Plan" means this Plan of Operation.
- J. "Profits" for purposes of Insurance Code section 10095, subdivision (c) means Operating Income minus the sum of Operating Expense, incurred losses, and incurred loss adjustment expenses.
- K. "Operating Income" means earned premiums plus investment income.
- L. "Operating Expense" means income taxes and all other expenses of the Plan.
- M. "Location" includes all buildings or structures which are located at one address or single assessor's parcel, or at contiguous addresses or assessor's parcels, owned by the same property owner(s). With respect to condominiums, a "location" also includes all units described on a recorded final map, parcel map or condominium plan, as set forth in California Civil Code section 4125. Residences, other than condominiums, at contiguous addresses or assessor's parcels shall be considered to be separate "locations." Adjacent houses on separate parcels occupied by family members or tenants of a common owner or landlord shall be considered separate "locations."

Section IV – Reasonable Underwriting Standards

The FAIR Plan shall adopt, with the prior approval of the Commissioner, reasonable underwriting standards for determining whether a risk is eligible for coverage under the Plan as well as pricing and coverage options. Reasonable underwriting standards mean specific, objective factors, or categories of specific, objective factors, which have a substantial relationship to the loss exposure of the property. An insured or applicant whose property meets the underwriting standards for eligibility to purchase coverage under the Plan shall qualify to purchase the insurance.

- A. Ineligible property: These types of properties are ineligible for coverage under the Plan:
 1. Motor Vehicles, meaning automobiles and vehicles designed for use on public roads that are subject to motor vehicle registration;
 2. Farm property, meaning commercial agricultural commodities or livestock, or equipment used to cultivate or transport agricultural commodities or livestock;
 3. Residential properties that are capable of being moved and that are not affixed to a foundation;
 4. Buildings that are vacant or unoccupied for longer than one year, unless the vacancy or lack of occupancy is due to ongoing construction;
 5. Buildings that have been condemned or deemed uninhabitable by a civil authority;

6. Property used to store flammable or explosive materials in violation of law;
 7. Property used by the applicant or insured in the commission of a felony in a manner that increases the risk of loss to the property, including arson, fraud, or other insurance related offenses;
 8. Property owned by an applicant or insured with a felony conviction for insurance related offenses, including arson or fraud, within the last 10 years;
 9. Property intended to be demolished;
 10. Lender-owned property; and
 11. Residential property that is used exclusively for storage.
- B. Eligible property with substandard conditions: Properties with substandard conditions are eligible for coverage under the Plan but may be subject to a conditions surcharge, subject to the Commissioner's prior approval. The FAIR Plan shall delineate specific substandard conditions, with the Commissioner's prior approval, that are generally either:
1. A physical condition of the property that substantially increases the risk of loss from a covered peril, including substandard construction, heating, or wiring, or evidence of previous fires or general deterioration; or
 2. A present use or housekeeping of the property that substantially increases the risk of loss from a covered peril, such as storage of rubbish or flammable materials.
- C. Neighborhood or area location or any hazard beyond the control of the property owner shall not be deemed to be acceptable criteria for declining or surcharging a risk and shall not make a property ineligible for coverage or subject to surcharge under the Plan.

Section V – FAIR Plan – Inspections and Reports

- A. Any person having an insurable interest in real or tangible personal property in the State of California within the area covered under the Plan shall be entitled upon written or oral request therefor to the Placement Facility, to a prompt inspection of the property by the Inspection Bureau without cost, to determine whether the risk is eligible for coverage or subject to surcharge under the Plan.
- B. The manner and scope of the inspections of FAIR Plan business shall be prescribed by the Placement Facility with the approval of the Commissioner.
- C. An inspection report shall be made for each property inspected. The report shall cover pertinent structural and occupancy features as well as the general condition of the building and surrounding structures. Representative photograph(s) of the property may be taken during the inspection.

D. The inspector shall have no authority to advise whether any Insurer or the FAIR Plan will provide the coverage.

E. After the inspection a copy of the completed inspection report, and any photograph(s) indicating the pertinent features of building, construction, maintenance, occupancy and surrounding property shall be sent to the designated insurer or to the Placement Facility promptly and in any event within five days after the report is completed. The report shall include a description of any conditions for which charges or surcharges may be imposed. A copy of the inspection report shall be sent to the applicant or his agent upon request.

Section VI – Procedure After Inspection

A. The FAIR Plan shall provide basic property insurance to any eligible risks in the State of California upon request and after prompt inspection. Eligibility of risks shall be determined by the FAIR Plan's underwriting guidelines, which shall be reasonable and are subject to the Commissioner's prior review and approval. The Placement Facility shall, within three business days after receipt of the inspection report and request, complete an action report, advising that:

1. the risk is eligible under the Plan and if surcharged, the improvements necessary before it will provide coverage at an unsurcharged rate;
2. the risk will be eligible under the Plan if the improvements noted in the action report are made by the applicant and confirmed by reinspection; or
3. the risk is not eligible under the Plan for the reasons stated in the action report.

B. If the risk is accepted, the Placement Facility shall deliver the policy to the applicant upon payment to the Placement Facility of the premium. As soon as practicable but no later than February 1, 2024, or such later date approved by the Commissioner, premiums for Division I may be paid by applicants or existing policyholders in full or in monthly installments by personal check, cashier's check, money order, credit card or electronic funds transfer.

C. In the event a risk is declined because it is ineligible per the Plan's reasonable underwriting standards, the Placement Facility shall notify the applicant and shall include a copy of the inspection report and the action report.

D. In the event the risk is conditionally surcharged because the property does not meet reasonable underwriting standards but can be improved to meet such standards, the Placement Facility shall promptly advise the applicant what improvements noted in the action report should be made to the property, and the notification and advice to the applicant shall include a copy of the inspection report and the action report. Upon completion of the improvements by the applicant or property owner, the Placement Facility, when so notified, will have the property promptly reinspected.

E. If the inspection of the property reveals that there are one or more substandard conditions, surcharges may be imposed in conformity with any applicable substandard rating plan.

Section VII – California FAIR Plan Association – Placement Distribution

A. The FAIR Plan is hereby created consisting of all Insurers licensed to write property and casualty insurance in California.

B. The Association shall be authorized:

1. to write and issue policies of insurance as provided in this Plan on behalf of its Insurers; the respective liabilities of the Insurers shall be several and not joint, except as stated in this Plan, and each such Insurer shall be considered to be a direct insurer for its share in such writings, such share to be determined for each Insurer pursuant to pertinent provisions of the Plan;

2. to assume and cede reinsurance pursuant to Insurance Code section 10095, subdivision (b).

3. to arrange for determination and collection of premium charges consistent with this Plan and disbursement of return premiums and commissions;

4. to direct and control the investigation, adjustment, defense, and payment of the losses and claims arising under the policies of insurance issued pursuant to this Plan.

C. Maximum Policy Limits

1. Division I – Dwelling and Commercial Property Policies:

The maximum limit of liability for Division I fire and allied lines policies which may be placed through this Plan is \$3 million at one Location.

The maximum limit of liability for Division I commercial property policies which may be placed through this Plan is \$20 million for building coverage, business personal property coverage, and other associated coverages at one Location.

2. Division II – Businessowners Policies: The maximum limit of liability for Commercial Multiperil Businessowners Program policies which may be placed through Division II of this Plan as part of a Businessowners Insurance policy is a combined limit of \$20 million for building coverage, business personal property coverage, and other associated coverages at one Location. The maximum applicable limit of business liability insurance which may be placed through Division II of this Plan with respect to such property as part of a Commercial Multiperil Businessowners Insurance policy is: \$1 million per occurrence and \$3 million in the aggregate per policy.

3. The maximum Division I and Division II policy limits set forth herein are subject to periodic review and may be increased as deemed necessary by the Commissioner. Higher limits of liability also may be placed through the FAIR Plan under written guidelines adopted by a majority of the Governing Committee present and voting. The FAIR Plan may file any rate or rule application necessary to implement the maximum limits of liability required by this Paragraph.

[THIS SPACE INTENTIONALLY LEFT BLANK.]

D. Insurer Participation in Writings, Expenses, Profits, and Losses

1. Division I – Dwelling and Commercial Property Policies: Except as modified in this Plan, each insurer shall participate in the writings, expenses, profits and losses of Division I of this Plan (including assessments for operating the Placement Facility) in the same proportion that its Premiums Written during the second preceding calendar year bear to the aggregate Premiums Written by all Insurers in the Plan, excluding that portion of the Premiums Written attributable to the operation of the Association.

2. Division II – Businessowners Policies: Except as modified in this Plan, each Insurer shall participate in the writings, expenses, profits and losses of the business written pursuant to Division II of this Plan (including assessments for operating the Placement Facility) in the same proportion as its Commercial Multiperil premiums written during the second preceding calendar year bear to the aggregate Commercial Multiperil premiums written by all Insurers in the Plan, excluding that portion of the premiums written attributable to the operation of the Association pursuant to Division II of this Plan.

E. Proportionate Reduction in Plan Participation for Voluntary Writings

1. Division I – Dwelling and Commercial Property Policies: Insurers that voluntarily write Basic Property Insurance on risks located in areas designated as brush hazard areas by the ISO, inner city areas designated by the Commissioner, and high or very high fire hazard severity zones as determined and mapped by the Department of Forestry and Fire Protection, pursuant to Section 51178 of the Government Code, will to that extent, be proportionately relieved of the liability to participate in the Plan.

2. Division II – Businessowners Policies: Insurers that voluntarily write Commercial Multiperil Insurance on risks located in specific areas designated by the Governing Committee or by the Commissioner will, to that extent, be proportionately relieved of the liability to participate in Division II of this Plan.

F. A group of Insurers under the same management, ownership, or control shall have the option of designating an Insurer from within the group to assume all obligations on behalf of the entire group.

Section VIII – Standard Policy Coverage

All Basic Property Insurance Division I and Division II policies issued pursuant to this Plan shall be on standard policy forms, such as those issued by the ISO, except as may be or may have been modified with the approval of the Commissioner, and shall be issued for a term of one year.

Section IX – Cancellation

A. No Division I or Division II policy issued under this Plan shall be cancelled except:

1. for cause which would have been grounds for non-acceptance of the risk under the Plan had such cause been known to the Placement Facility at the time of acceptance;
2. for non-payment of premium; or
3. for other reasons described in Insurance Code sections 676 or 676.2 as applicable.

A Notice of Cancellation, together with a statement of the reason therefor, shall be sent to the insured, accompanied by a statement that the insured has a right of appeal as hereinafter provided.

B. Notices of cancellation of policies on risks eligible for Plan inspection or coverage, sent by the Placement Facility or by any Insurer participating in the Plan, shall be sent to the insured not less than thirty days in advance of the effective date of cancellation, together with information concerning Facility placement procedures; provided, however, that this Paragraph B shall be inapplicable in cases of non-payment of premiums, evidence of incendiarism, or evidence of material misrepresentation or concealment.

C. The provisions of Paragraph B immediately above shall also be applicable to notice of non-renewal of such policies.

Section X – Rates

A. All rates charged by the FAIR Plan shall be subject to the Commissioner's prior written approval. The FAIR Plan's rates shall not be excessive, inadequate, or unfairly discriminatory and shall be actuarially sound so that premiums are adequate to cover expected losses, expenses, and taxes, and shall reflect the FAIR Plan's investment income.

B. Division I – Dwelling and Commercial Property Policies: The FAIR Plan shall file a rate application for the dwelling line of business within 24 months after the effective date of any approved change to dwelling rates, unless otherwise directed by the Commissioner. The FAIR Plan shall file a rate application for the commercial line of business within 36 months after the effective date of any approved change to the commercial rates, unless otherwise directed by the Commissioner. The FAIR Plan shall provide all information and data required by the Commissioner to determine whether the rate proposed by the FAIR Plan complies with Insurance Code section 10100.2, subdivision (a).

C. Division II – Businessowners Policies: For Division II, the FAIR Plan shall file a rate analysis on or before July 1, 2024. After such rate analysis is reviewed by the Commissioner, the FAIR Plan shall not be required to file a subsequent rate analysis or application, unless otherwise directed by the Commissioner, except that the FAIR Plan shall be required to file a rate application promptly if Division II reaches 1,000 policies, and so long as Division II retains 1,000 policies, the FAIR Plan shall file a rate application within 36 months after the effective date of the new BOP rates, unless otherwise directed by the Commissioner. The FAIR Plan shall provide all information and data required by the Commissioner to determine whether the rate proposed by the FAIR Plan complies with Insurance Code section 10100.2, subdivision (a).

D. The FAIR Plan shall provide all information and data required by the Commissioner to determine whether the rate proposed by the FAIR Plan complies with Insurance Code section 10100.2, subdivision (a).

E. Pursuant to Insurance Code section 10100.2, subdivision (c), all information considered by the FAIR Plan to establish rates shall be public records.

Section XI – Right of Appeal

Any Applicant or Insurer shall have the right of appeal to the Governing Committee. A decision of the Governing Committee may be appealed to the Commissioner within thirty days from the action or decision of the Governing Committee. Each denial of insurance shall be accompanied by a statement that the applicant has the right of appeal to the Governing Committee and the Commissioner and setting forth the procedures to be followed for such appeal.

Section XII – Commission

Commission shall be paid to the licensed producer designated by the applicant and shall be determined by the Governing Committee.

Section XIII – Administration

A. This Plan shall be administered by a Governing Committee (herein referred to as the Committee) of the Placement Facility, subject to the supervision of the Commissioner, and operated by a President appointed by the Committee.

B. The Committee shall consist of nine voting Insurers, which shall be elected as follows:

two members from the American Property Casualty Insurance Association

one member from all other stock insurers

one member from all other non-stock insurers

five members from at-large insurers

Not less than four of the members of the Committee shall be California domiciled companies.

The Committee shall, in addition, have as non-voting members one representative of insurance agents, one representative of insurance brokers, one representative of the public, and one representative of surplus line brokers, each to be appointed by the Governor of the State of California.

Not more than one participating Insurer in a group under the same management or ownership shall serve on the Committee at the same time. Representatives on the Committee shall serve for a period of one year or until successors are elected.

All members of the Governing Committee shall execute a Non-Disclosure Agreement, subject to the approval of the Commissioner, agreeing to maintain the confidentiality of (1) any pending or anticipated litigation, and any matters falling within the attorney-client privilege, to the extent that confidentiality is required for the attorney to exercise his/her ethical duties as a lawyer; and (2) any matter involving employment, termination, terms and conditions of employment, evaluation, promotion or disciplining of any prospective or current FAIR Plan employee or contractor, and which shall include a provision that the defense and indemnification obligations contained in Section VI of this Plan will not apply with respect to a breach of the Non-Disclosure Agreement.

C. The Chairman of the Committee shall appoint a Nominating Committee consisting of not less than three voting members who shall place in nomination the voting Insurers for election at the annual meeting. If nominations are made at the annual meeting for voting Insurers other than those nominations made by the Nominating Committee, such nominations shall designate the category of voting Insurers as indicated in Paragraph B of this Section.

D. Voting for election to the Committee at the annual meeting will be on a weighted basis in accordance with Premiums Written (as defined in this Plan) during the second preceding calendar year as disclosed in the reports filed by the Insurers with the Commissioner.

E. The Governing Committee may establish subcommittees that may convene to deliberate with respect to only those matters specified in the respective charter for each such subcommittee and to make recommendations to the Governing Committee regarding such specified matters. The charters shall be approved by the Governing Committee annually, at a meeting of the Governing Committee at which the Commissioner and/or his or her representatives are present, and such charters shall be provided to the Commissioner in advance of such meeting as part of the Governing Committee packet, at the same time or before the Governing Committee packet is provided to the Governing Committee members. The subcommittees authorized by this Plan of Operation are as follows: Underwriting Subcommittee; Claims Subcommittee; Accounting Subcommittee; Investment Subcommittee; Nominating Subcommittee, Reinsurance Subcommittee, and an Executive Subcommittee. Each subcommittee shall include at least one nonvoting member of the Governing Committee. Additional subcommittees may be created with the approval of the Commissioner.

F. Only the Executive subcommittee may exercise delegated authority from the Governing Committee. The Executive subcommittee shall include the nonvoting member of the Governing Committee described in Insurance Code section 10094 as the "representative of the public."

Section XIV - Meetings

A. There shall be an Annual Meeting of Insurers on a date fixed by the Governing Committee for the purpose of electing the voting members of the Governing Committee in the manner prescribed in this Plan and for the purpose of conducting such other items of business as may be properly brought before it. A majority of Insurers, on a weighted basis, in accordance with each Insurer's Premiums Written, as specified in this Plan, present in person or via remote technology, shall constitute a quorum. The Plan shall provide twenty days' advance written notice of the Annual Meeting to the Insurers, the non-voting members of the Governing Committee, and the Commissioner and his or her designee(s).

B. The FAIR Plan shall provide advance written notice to the Governing Committee, the Commissioner and the person(s) designated by the Commissioner of the time, date, and place and an agenda for any meeting of the Governing Committee. The Plan shall provide advance written notice to the members of all subcommittees and the person(s) designated by the Commissioner of the time, date, and place and an agenda for any subcommittee meeting, except that notice to the Commissioner and/or his or her designees of Executive Subcommittee meetings shall not be required if such meetings are properly closed to the Commissioner pursuant to this Plan. Notice of each such meeting shall be provided to the Commissioner in the same manner and at the same time as the notice provided to the meeting attendees.

C. The Commissioner and the person(s) designated by the Commissioner shall be permitted to attend any meeting of the Governing Committee and any subcommittee at which a quorum is present, except any meeting of the Executive Subcommittee closed to the Commissioner as described in this Plan, or any portion of a Governing Committee meeting called to discuss: (1) any pending or anticipated litigation, and any matters falling within the attorney-client privilege, to the extent that confidentiality is required for the attorney to exercise his/her ethical duties as a lawyer; or (2) any matter involving employment, termination, terms and conditions of employment, evaluation, promotion or disciplining of any prospective or current FAIR Plan employee or contractor. Any portion of a Governing Committee meeting called to discuss any matter pertaining to (1) or (2) hereof may be closed to the Commissioner and his/her designees, but not to the nonvoting members, and shall be so declared by a formal motion of the Governing Committee at a meeting the Commissioner and his/her designees are authorized to attend.

D. Except with respect to the Annual Meeting referenced in Paragraph A of this Section IV, and a Special Meeting referenced in this Plan, voting by proxy and mail shall not be permitted. Voting by email shall be permitted only if the voting email is copied to all members of the Governing Committee, including nonvoting members.

E. A Special Meeting of the Insurers other than the Annual Meeting referenced in this Plan, may be called at such time and place designated by the Governing Committee, or upon the written request to the Governing Committee by a minimum of ten insurers, none of which are under common control with any of the other requesting insurers. If, at a Special Meeting, a vote of the Insurers is or may be required on any proposal, such votes shall be cast and counted on a weighted basis in accordance with each Insurer's Premiums Written as used to determine its participation in the Association under this Plan. The FAIR Plan shall provide notice to the Commissioner and the non-voting members of the Governing Committee of any Special Meeting of Insurers in the same manner and at the same time as the Insurers. The Commissioner and/or his or her designee(s) and the non-voting members shall be authorized to attend and participate in any such meeting.

F. The Executive subcommittee may meet in a session closed to the Commissioner only for the purpose of deliberating and deciding matters pertaining to: (1) any pending or anticipated litigation, and any matters falling within the attorney-client privilege, to the extent that confidentiality is required for the attorney to exercise his/her ethical duties as a lawyer; or (2) any matter involving employment, termination, terms and conditions of employment, evaluation, promotion or disciplining of any prospective or current FAIR Plan employee or contractor. While the FAIR Plan shall make diligent efforts to schedule meetings of the Executive Committee only if all members of the Executive subcommittee, including the nonvoting "member of the public,"

are available, any three members of the Executive subcommittee shall be sufficient to constitute a quorum. The Executive subcommittee shall promptly inform the Governing Committee of any final decision of the Executive subcommittee when it becomes public.

G. The Governing Committee shall meet annually with the FAIR Plan's auditors. At the discretion of the Committee, such meeting or a part thereof may be convened outside the presence of FAIR Plan employees or contractors and counsel for the FAIR Plan. All findings and any reports of the auditors shall be provided to the Commissioner and/or his or her designees.

Section XV – Duties of the Governing Committee

A. The Governing Committee ("Committee") shall meet as often as may be required to perform the general duties of administration of the Plan, or on the call of the Commissioner. A majority of the voting and at least one non-voting member of the Committee shall constitute a quorum.

B. The Committee shall be empowered to appoint a President and such other personnel as may be necessary, who shall serve at the pleasure of the Committee; and to budget expenses, approve a request to the Commissioner for assessments, disburse funds, and perform all other duties provided herein or necessary or incidental to the proper administration of the Plan. The adoption of or substantive changes in pension plans or employee benefit programs shall be subject to approval of Insurers.

C. The Committee shall be further empowered to modify or amend any provision of this Plan as required by legislation, or by rule, regulation or administrative determination by the Commissioner, in accordance with this Plan.

D. Annually, the President shall prepare an operating budget which shall be subject to approval of the Committee. Such budget shall be furnished to the Insurers after approval.

E. The Committee shall furnish to all Insurers, and to the Commissioner, a written report on operations annually in such form and detail as the Committee may determine.

F. The Committee shall require periodic reports from the Inspection Bureau, and shall furnish copies of such reports to the Commissioner.

G. The Committee shall make every effort to obtain the full cooperation of all California producers licensed to write property lines, in connection with the operations of the Placement Facility and of the Plan.

Section XVI – Indemnification

A. Except as provided in the Non-Disclosure Agreement to be signed by each member of the Governing Committee, the Association shall indemnify (a) every director, Governing Committee member, member of any other committee or any subcommittee, officer, and employee of the Association, and his heirs, executors, and administrators, and (b) every insurer member of the Association, both as a member or by reason of such insurer having one or more of its representatives or employees serving in any of the capacities or positions specified in

clause (a) hereinabove; against all judgments, fines, amounts paid in settlement, reasonable costs and expenses including attorney fees, and any other liabilities that may be incurred as a result of any claim, action, suit, or proceedings, whether civil, criminal, administrative or other, prosecuted or threatened to be prosecuted for or on account of any act performed or omitted or obligation entered into, if done or omitted in good faith and without intent to defraud, and in connection with the administration, management, or conduct of the Association or its affairs.

B. Such indemnification shall be provided whether or not such person or insurer holds office in the Association at the time such claim, action, suit or proceeding is begun, prosecuted, or threatened, and whether or not the liability indemnified against was incurred or the act or omission occurred prior to the adoption of this Section.

The adjudication or termination of any such claim, action, suit, or proceeding by judgment, settlement, conviction, or plea of nolo contendere or its equivalent, shall not be deemed to create a presumption that such person or insurer did not act in good faith or acted with intent to defraud. If any such claim, action, suit or proceeding is compromised or settled, this must be done with the approval of the Governing Committee of the Association.

C. Any such person or insurer shall be conclusively entitled to rely upon an opinion of legal counsel for the Association; and if the act or omission involved was reasonably done in reliance upon such an opinion, such person or insurer shall be entitled to the indemnification provided for by this Section. Such person or insurer shall also be entitled to indemnification provided for by this section. Such person or insurer shall also be entitled to indemnification hereunder if his, her or its defense to the claim, action, suit or proceedings has been wholly successful, whether on the merits or otherwise.

D. The right of indemnification hereunder shall not be exclusive of other rights such person or insurer may have.

E. In each instance in which a question of indemnification hereunder arises, determination in the first instance of the right to indemnification hereunder, and of the time and manner of payment thereof, shall be made by the Governing Committee. In the event that a majority of the members of the Governing Committee are seeking indemnification hereunder as a result of the same occurrence, such determination in the first instance shall be made by vote of the membership of the Association taken on a weighted basis as provided in Division I, Section VI, Paragraph D, and Division II, Section VI, Paragraph C hereof.

Nothing contained in this Paragraph E is intended to make an adverse determination finally binding upon the person or insurer seeking indemnity under this Section, or to preclude any such person or insurer from appealing an adverse determination against him, her or it, or from instituting legal proceedings to enforce a right of indemnification under this Section.

F. The indemnification provided for in this Section shall be deemed to be an expense of the Association to which all of the members of the Association shall contribute in the proportion that each member participates according to law in the writings, expenses, profits and losses of the Association.

Section XVII – Public Education

All Insurers agree to undertake a continuing public education program, in cooperation with producers and others, to assure that the Plan receives adequate public attention.

Section XVIII – Termination of the Plan

Any obligations incurred by the Association shall not be impaired by the termination of the Plan and such Association shall be continued for the purpose of performing such obligations.

Section XIX – Insolvency

Any member that, due to insolvency, is no longer licensed and authorized to write in California, or that, due to insolvency, is no longer engaged in writing in California, upon a direct basis, basic property insurance or any component thereof in homeowners or other multiperil policies, shall cease to be a member of the California FAIR Plan Association, as of the date that the member's license is revoked or suspended, the date upon which the member became no longer so authorized, or the date upon which the member ceased writing such insurance, whichever date occurs first.

Such member's proportionate share of expenses and/or losses shall be paid by the remaining members, each of which shall contribute such payment in the same proportion as specified in this Plan, calculated without reference to Premiums Written by such member. In calculating said payment for each remaining member, such member's Premiums Written from its voluntary writings as set forth in Section VI of this Plan, shall be excluded.

If the Association elects to make a distribution of funds to its members, no amount that would otherwise be distributed under the Plan of Operation shall be distributed to such member subject to an order of liquidation entered with the county clerk, or to its liquidator, receiver, conservator or statutory successor.

Section XX – Citation to the Commissioner

Failure of any member to comply with this Plan of Operation or with any rules prescribed hereunder by the Governing Committee or to pay any assessment levied within 30 days after notice thereof shall be grounds for Citation of such member to the Commissioner.

Section XXI – Distributions of Profits, and Assessments to Operate the Facility

Pursuant to Insurance Code section 10095, subdivision (c), the Insurers shall participate in the writing, expenses, Profits, and losses of the FAIR Plan in the same proportion that its premiums written during the second preceding calendar year bear to the aggregate premiums written by all Insurers in the program, excluding that portion of the premiums written attributable to the operation of the FAIR Plan.

No distributions of Profits, as defined in this Plan, shall be made to the Insurers without the Commissioner's prior written approval.

Pursuant to Insurance Code section 10094, the Insurers shall not be subject to any assessment without the Commissioner's prior written approval.

Section XXII – Amendments to this Plan

Any Insurer may propose an amendment to the Plan and present that proposed amendment to the Governing Committee for consideration. The proposal shall be considered at the next meeting of the Governing Committee. If the proposed amendment to the Plan is approved by a majority of the members of the Governing Committee present and voting at the Governing Committee meeting at which the proposed amendment to the Plan is considered, notice of the proposed amendment to the Plan shall be mailed to the Insurers not less than twenty days prior to the final date fixed by the Governing Committee for Insurers to vote thereon. Any vote of the Insurers on a proposed amendment to this Plan or any other Insurer proposal may be taken by e-mail and such votes shall be cast and counted on a weighted basis in accordance with each Insurer's Premiums Written as used to determine its participation in the Association under this Plan. Any amendment to this Plan shall be approved by at least two-thirds of the votes cast by Insurers on such weighted basis before it is submitted to the Commissioner for review and approval.

No amendment to this Plan shall be effective without the prior written approval of the Commissioner.

Pursuant to Insurance Code section 10095, subdivision (f), the Commissioner may revoke his or her approval of this Plan if he or she feels it is necessary to carry out the purposes of Chapter 9 of the Insurance Code.

[END OF DOCUMENT]