



Senate Bill 11 (Rubio) – Farm and Ranch Insurance: California FAIR Plan

*****FARM BUREAU SPONSORED LEGISLATION*****

BACKGROUND

California's commercial farms and ranches have reported increased numbers of insurance non-renewals and cancellations over the past several years. California's wildfires have encroached upon agricultural lands with increasing regularity and intensity, leading to vineyards, orchards, grazing lands, infrastructure and livestock being either killed or completely destroyed. California has more than 25 million acres of farmland, most of which is in the low fire risk Central Valley; however, farmers and ranchers located in the foothills, north coast, central coast, inland Southern California and wine county are struggling to find any property insurance coverage.

Unlike homeowners and other commercial property owners, farming and ranching operations do not have access to basic property insurance provided by the California FAIR Plan. If a farmer is unable to find insurance on the private market and lives on the farm proper, the FAIR Plan is only authorized to underwrite coverage on the home. As a result, this leaves commercial agricultural infrastructure, farming equipment and other components uninsured. An uninsured farm cannot be collateralized for purposes of acquiring farm credit, and thus potentially could leave a farmer with no access to capital to operate the farm. The unavailability of insurance will have a profound impact on smaller and family run farms; potentially driving them out of business. SB 11 (Rubio, 2021) would authorize farms to access the FAIR Plan for basic property coverage and provide a necessary property insurance backstop for California's farms and ranches.

ACTION

PLEASE SUPPORT SENATE BILL 11 (RUBIO) AND CALIFORNIA'S COMMERCIAL FARMING AND RANCHING FAMILIES. SENATE BILL 11 ENSURES THAT THIS STATE'S FARMERS AND RANCHERS WILL HAVE BASIC PROPERTY INSURANCE COVERAGE FOR THEIR AGRICULTURAL PROPERTIES.

TALKING POINTS

- California's commercial farms and ranches are losing property insurance availability because of increased wildfire risks. However, unlike other homeowners and other commercial businesses, commercial farms and ranches are not eligible for coverage by the California FAIR Plan – the state's "insurer of last resort."
- Existing California law (Insurance code section 10091) explicitly prohibits FAIR from underwriting policies for "farm risk." Farm risk is not the same as property risk and is more accurately a reference to crop insurance.



- Senate Bill 11 (Rubio) corrects this unintentional exclusion by providing insurance for agricultural infrastructure utilized in the production of an agricultural commodity. This broad definition would cover any commercial farming/ranching operation that produces a marketable product.

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