

Allstate also halting home insurance policies in California due to wildfire risk

ABC 7 News

ABC7 reported how State Farm Insurance stopped selling new homeowner policies in California on Saturday — now a second major carrier, Allstate Insurance, confirmed today it ended new home policies in the state last year. On top of that, sources tell 7 On Your Side a third carrier, Farmers Insurance, is limiting policies for new customers. The exodus comes as wildfire season looms ahead.

It's hard not to worry. But all three companies say they are still serving existing customers, and there are more than 100 other insurance companies still issuing new homeowner policies. However, after relentless wildfires of the past several years, homeowners in those hot spots will have an even tougher time getting coverage.

The threat of wildfires has grown every year, ripping through forests, scarring hillsides and destroying whole communities.

And amid the devastation, thousands of homeowners in disaster zones lost their coverage over the years.

Then last week, State Farm Insurance, California's largest carrier, stopped issuing all new homeowner policies in the state — at least temporarily. The company cited a growing threat of natural disasters, as well as rising construction costs and inflation.

And Allstate Insurance, the fourth largest carrier in California, just confirmed it stopped issuing new homeowner policies last year. Allstate also blamed wildfires and higher costs, saying, "The cost to insure new home customers in California is far higher than the price they would pay for policies."

Now, sources tell 7 On Your Side, Farmers Insurance is limiting new homeowner insurance in California.

But the company said, “Our primary focus is to continue serving the needs of our customers... we remain actively engaged with the California Department of Insurance and others interested in improving the availability of property insurance in the state.”

Consumer advocate Amy Bach of United Policyholders says more than 100 carriers still offer new homeowner policies — though they are growing more wary about risks in California.

“State Farm’s announcement is definitely not helpful news, but we have to keep it in perspective. I’m encouraging consumers to, to stay calm,” said Bach. “Ever since the fires, I talk to insurance executives, they’re all worried about wildfires in the west... They don’t take blind risks anymore because they can buy data and they can see the pine needles in your gutter.”

Harvey Rosenfield of Consumer Watchdog was skeptical about State Farm’s motives for ending new home policies. “Insurance companies can’t just decide to stop selling insurance to new customers,” he said.

“They’re trying to pressure the insurance commissioner to approve a \$721 million additional increase in people’s homeowners’ insurance premiums that State Farm requested a few weeks ago,” Rosenfield said.

State Farm says: “We take seriously our responsibility to manage risk...” and, “It’s necessary to take these actions now to improve the company’s financial strength.”

The company indicated it will be monitoring California’s efforts to mitigate fire losses with an eye toward returning to the market.

“It’s already been hard for people to shop for insurance in these wildland-urban interface areas,” said Bach.

Bach expects thousands more homeowners in fire-prone areas will have to resort to buying insurance through the state’s FAIR program — it’s very expensive and provides only bare-bones coverage.

Already just under 300,000 Californians have resorted to buying the state’s FAIR insurance. If you have trouble buying a new homeowner policy, let 7 On Your Side know about it. There are resources to help you navigate the options — and find those still offering new policies.



Here are some resources if you are looking for homeowner insurance:

- United Policyholders Webinar, [register here.](#)
- [California FAIR plan](#)
- [California Department of Insurance](#)

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