

Consumer advocates say other insurance companies can help after State Farm won't take on new policies for property owners

KCRA

Consumer advocates say other insurance companies can help

New neighborhoods going up in the Foothills could be in the path of grassfires, and homeowners are required to have insurance.

But some are asking now what?

State Farm announced it would no longer be accepting new applications for home and business owners.

"I had been hoping ... they would be able to hold on with us," said Jennifer Gray Thompson. She's the founder of After the Fire USA, helping fire victims navigate getting their properties rebuilt.

She said California is worth protecting and wants State Farm to work with consumers, rather than not accepting them in the first place.

"I don't want to be an alarmist and I don't want to call them out. I actually want to call them in, come to the table," Gray Thompson said. "The thing that frustrates me about the insurance industry, they are profitable, they do have a lot of payouts in California because we have so many natural disasters."

State Farm released a statement over the weekend.

"State Farm will cease accepting new applications including all business and personal lines property and

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Source:

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casualty insurance, effective May 27, 2023. This decision does not impact personal auto insurance. State Farm General Insurance Company made this decision due to historic increases in construction costs outpacing inflation, rapidly growing catastrophe exposure, and a challenging reinsurance market.

We take seriously our responsibility to manage risk. We recognize the Governor's administration, legislators, and the California Department of Insurance (CDI) for their wildfire loss mitigation efforts. We pledge to work constructively with the CDI and policymakers to help build market capacity in California. However, it's necessary to take these actions now to improve the company's financial strength. We will continue to evaluate our approach based on changing market conditions. State Farm® independent contractor agents licensed and authorized in California will continue to serve existing customers for these products and new customers for products not impacted by this decision."

Amy Bach, founder of the nonprofit insurance consumer organization United Policy Holders, said this is a trend.

"State Farm was one of those companies you could still go to," she said.

Bach said there are options.

"Find a professional agent who is on the mark here because it is complicated for consumers," Bach said. "As an individual, you don't have the same options to access as an agent would."

She also said some insurance companies that aren't as big as State Farm would be happy to step in and pick up new business.

The move does not affect State Farm car insurance policies.

KCRA 3 reached out to the State Department of Insurance for comment on how this will impact California homeowners but did not hear back.

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