

Lawson-Remer: State Farm a ‘bad neighbor’ for abandoning longtime policyholders

CBS8

72,000 State Farm policyholders will lose coverage starting in July 2024. What you can do if this happens to you.

San Diego County Supervisor Terra Lawson-Remer called State Farm a ‘bad neighbor’ in a press conference Monday for abandoning longtime policyholders. CBS 8 is Working For You to find out what you can do if you’re facing cancellation or a denied claim.

‘Enough is enough’

“72,000 California residents including over 800 people in my county supervisorial district are losing their insurance coverage,” said Lawson-Remer. “Severing ties with homeowners and renters in San Diego County is not very neighborly of State Farm or any other insurance provider.”

Lawson-Remer will be asking her colleagues on the County Board of Supervisors to adopt a resolution Tuesday opposing the way State Farm and other insurance providers are pulling policies from homeowners, renters, and small businesses.

“I’m here to say that’s not ok. Enough is enough,” said Lawson-Remer.

California Insurance Commissioner Ricardo Lara is currently overseeing the state’s largest insurance reform in 30 years, looking to overhaul state regulations by December. Some watchdog groups contend that insurance companies are using policy cancellations as leverage.

“We think it’s a negotiation tactic,” said Supervisor Lawson-Remer. “This is a huge market. Don’t forget, California is the fifth largest economy in the world, and so there’s good business to be had in the State of

California, but they're up against the state that's trying to make sure they play by the rules and play fair."

State Farm responds

CBS 8 reached out to State Farm about their decision to drop a number of policies here locally, and they told us it affects 2.8% of their customers located in San Diego County.

A spokesperson said in a statement, "This decision was not made lightly and only after careful analysis of State Farm General's financial health, which continues to be impacted by inflation, catastrophe exposure, reinsurance costs, and limitations of working within decades-old insurance regulations."

At Monday's news conference in the County Administration Center, Lawson-Remer was joined by insurance policyholder advocates.

"For folks who have been insured for 40 or 50 years, it feels like a covenant has been broken," said Valerie Brown, Deputy Executive Director for United Policyholders.

What you should expect

CBS 8 asked Brown what you should expect if this happens to you. She told CBS 8 that carriers are now required to give you 75 days of notice if they're not renewing your policy.

"You're going to have to look at multiple insurance companies," said Brown. "Finding an independent insurance broker that can help you, that has dozens of companies in their portfolio is going to be key to finding a policy."

If you have trouble finding coverage, you might want to consider the state-run California FAIR Plan, which may cost a bit more, but it provides fire insurance coverage for high-risk properties when private insurance companies will not.

"It's the whole roof, man," said UTC resident Johnne Greene while showing CBS 8 the damage to his roof.

Aside from all the non-renewals, CBS 8 has been flooded with emails from viewers about State Farm denying their water damage claims, something Greene experienced with a recent roof leak and subsequent water damage to his condo.

“I don’t know why they’re denying my claim,” said Greene. “We’ve been with State Farm for 30 years. We’ve never made a claim at all, not even for cars, and for them to deny us, that’s just a kick in the gut.”

CBS 8 found an attorney based in La Jolla who is in the early stages of putting together a class-action lawsuit against State Farm on denied water damage claims. For more info, you can contact attorney Erik Jenkins or email his law firm at ejenkins@jenkinslawfirmapc.com.

CBS 8 asked State Farm about the numerous viewer emails we’ve received regarding recent denied water damage claims, and they responded with the following statement:

“Due to our customer privacy policy, we can’t speak to the specifics of a claim. While we empathize with our customers when they experience a loss, it’s important to note that every claim is unique and not all losses are covered by insurance. Our commitment to paying what we owe has not changed.”