

Many L.A. fire survivors face insurance delays and can't return home a year later

Cal Matters

A year after the deadly Los Angeles County fires, California's property insurance market remains problematic; survivors are suing insurers over delayed or denied claims; and most of the state's policyholders are likely to see their premiums rise.

Seven in 10 L.A. fire survivors have yet to return home, some in part because of insurance claim delays, according to a new survey released this week by Department of Angels, a nonprofit group that was formed after the fires.

The survey also found that 4 in 10 insurance policyholders have experienced insurability issues, such as huge premium increases and dropped coverage, although state law mandates a one-year moratorium on insurers canceling or not renewing customers' policies after the governor declares a state of emergency. Those with homes that did not burn down but are still standing are especially likely to have seen big increases in their premiums, according to the survey of 2,443 adults from Nov. 18 to Dec. 2, 2025.

Insurance premiums for everyone, not just fire survivors, were already expected to rise under new rules by Insurance Commissioner Ricardo Lara. The commissioner, under pressure to improve availability of insurance in the state, last January implemented a plan that aims for quicker rate reviews and allows insurers to use catastrophe modeling and reinsurance costs in setting their rates. The plan took effect just days before the L.A. fires.

Now the response to the fires could also lead to even higher insurance premiums across the board, said Amy Bach, executive director of consumer advocacy group United Policyholders.

"I advocate for disaster survivors, but also for the entire community of policyholders," Bach said. "For every 'Eliminate the List' bill, for every improvement we make to prevent post-disaster trauma around

under-insurance, there's a cost." She said such actions will have ramifications for both insurance affordability and availability.

"Eliminate the List," which Gov. Gavin Newsom signed into law last year, requires insurance companies to pay 60% of personal property coverage limits, up to \$350,000, to policyholders who experience a total loss without requiring them to submit a detailed inventory for at least 100 days.

Still, Bach knows that such mandates are necessary to improve survivors' experiences after a fire, and lawmakers are introducing new bills to address their concerns. Her own group released a survey in November, reporting policyholder complaints that included insurer communication delays, claims payment delays and being assigned multiple claims adjusters.

The Department of Angels survey found that customers of State Farm and the last-resort FAIR Plan — the two largest insurers in California — were the most dissatisfied with their insurers' response. California's insurance department is investigating State Farm's response to the fires, and has taken legal action against the FAIR Plan over its response as well, especially to smoke-damage claims. Those insurers, along with other companies, are also facing policyholder lawsuits.

"Our customer feedback reflects a different experience than what is being reported," said Tom Hartmann, a State Farm spokesperson, in an email. "We're supporting more than 13,500 customers affected by the wildfires, more than any other carrier, and have already paid over \$5 billion to help them recover."

"We've paid almost \$200,000 out of pocket to repair our home because of the FAIR Plan's blanket denials of our remediation," said Angela Giacchetti, a spokesperson for the Department of Angels who worked on the survey. She's also a fire survivor whose Altadena home did not burn down but was badly damaged.

"While we are unable to comment on individual policyholders' claims, the California FAIR Plan does not direct where policyholders reside," said Hilary McLean, a spokesperson for the plan. "The FAIR Plan evaluates every claim on its own merits and pays all covered claims up to the individual policy limits." The FAIR Plan said in a press release this week that it has handled about 5,400 claims and paid almost \$3.5 billion to policyholders. It also said it "has taken steps to enhance its ability to serve policyholders" by securing a line of credit and reinsurance, helped by a \$750 million catastrophe bond made possible by a new law allowing the FAIR Plan to get bond financing through the California Infrastructure and Economic Development Bank.

The American Property Casualty Insurance Association says insurance companies have paid \$22.4 billion of the expected \$40 billion in total claims from the L.A. fires.

The Department of Angels survey also found 79% of survivors are facing financial hardships, with more Black, Asian and Latino survivors falling behind on their rent or mortgage payments. In addition, 40% of those surveyed said they were very dissatisfied with the local, state and federal response to their needs.

Newsom said Tuesday that he is working with state lawmakers, the banking industry and others on new loans for rebuilding, and that the state will expand eligibility for the CalAssist Mortgage Fund. The governor's office did not respond to CalMatters' questions about whether he plans to propose any aid for renters who survived the fires, and about what else he is doing to continue to press the federal government for long-term disaster funding.

"This report says exactly what we've been hearing," said Michael Soller, spokesperson for the insurance department. "Wildfire survivors want action and they want results." He said the issues in the survey are top priorities for the department, and among other things pointed to a task force on smoke damage that the department has convened.

A bill sponsored by Lara and introduced by newly appointed Senate Insurance Committee Chair Steve Padilla, the Democrat from San Diego, late Tuesday would require insurance companies to submit to the state their disaster-recovery plans related to handling claims; double penalties for violations of fair claims practices during an emergency; expand upfront claims payments; give policyholders status updates within five days whenever their adjuster is replaced; and more.