

Opinion: In California, State Farm is not such a good neighbor after all

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For decades, people have dutifully paid their insurance premiums, trusting that when disaster strikes, their insurance companies would stand by them. However, recent decisions by major insurers to abandon homeowners, renters and businesses across California, including in San Diego County, have shattered this trust. This reckless and disingenuous move by companies like State Farm leaves tens of thousands scrambling for alternatives, undermining the very essence of what insurance is meant to be.

Residents throughout my district, from Carlsbad to Mira Mesa to Coronado, are reeling from the sudden announcement by State Farm that it will no longer offer coverage to existing policyholders starting in July. This decision affects at least 72,000 homeowners and rental property owners, including individuals who have been loyal customers for years.

This is affecting a wide range of policyholders and has real and impactful consequences. Among those hurt are my constituents — a homeowner who invested heavily in fire mitigation only to be dropped by his insurer, and a young renter who was denied renewal. But it's not just homeowners and renters. Home builders and real estate agents are also facing challenges as their clients struggle to secure insurance, affecting the housing market. Moreover, older residents on fixed incomes are particularly vulnerable, unable to cope with sudden, massive rate hikes that may occur when trying to find replacement coverage. These are among the thousands of people that are left without a lifeline.

People trust that their insurers are assessing risks and planning accordingly to provide security when it is needed most. To now declare that the risk is too high, effectively abandoning policyholders, is nothing short of betrayal. This is not just a failure of corporate responsibility, it is a direct affront to the very people who have kept these companies profitable.

This is a critical issue for the community, especially in regions like San Diego County that have been

hard-hit by past wildfires. Homeowners have invested heavily in fire mitigation measures, creating defensible spaces and hardening their homes, yet they are being penalized instead of rewarded. This abandonment is not only unfair but also destabilizing for a region that relies on the assurance that insurance provides.

This crisis is exacerbated by the broader challenges facing the California insurance marketplace, including wildfire risks, high inflation and rising construction costs. Earlier this year, State Insurance Commissioner Ricardo Lara initiated efforts to revise regulations, with Gov. Gavin Newsom adding urgency to stabilize the market.

Despite these efforts, some consumer watchdog groups argue that insurers are using policy cancellations as leverage to secure more favorable regulations. This manipulation underscores the need for immediate and decisive action from both state officials and community leaders.

The San Diego County Board of Supervisors recently passed a resolution I introduced opposing the actions of State Farm and other large insurance companies. This resolution calls for the insurance companies to collaborate with the state insurance commissioner to modernize the insurance marketplace, ensuring long-term availability, affordability and sustainability of coverage. It also demands transparency and accountability in the rate-setting process, protecting homeowners from exorbitant rates and ensuring they receive a fair deal.

Our ability to enact change locally may be limited, but I am committed to standing up to insurance bullies. And I am grateful for the support of organizations like United Policyholders and AARP California. They are actively helping residents maintain coverage and advocating for consumer rights.

The actions of State Farm and other insurers are not just unneighborly — they are reckless and unacceptable. As policymakers, we are committed to fighting for our constituents, ensuring that they are not left unprotected and at the mercy of corporate greed. The recent action by the Board of Supervisors takes a stand against the abandonment by insurance companies and supports the state's efforts to overhaul the insurance marketplace.

It is imperative that we protect people from being arbitrarily dropped or overcharged. Insurance is not a luxury, it is a necessity. We stand with our residents, advocating for a fair and transparent insurance system that honors the trust people have placed in it for decades.