[State Farm fined by California regulators over wildfire claim violations](https://uphelp.org/state-farm-fined-by-california-regulators-over-wildfire-claim-violations/)

State Farm fined by California regulators over wildfire claim violations

SACRAMENTO, Calif. – The California Department of Insurance has sanctioned and fined State Farm, the largest home insurer in both the state and the nation, for 432 violations of the Unfair Insurance Claims Practices Act and other laws.

Claims stem from California wildfires
What we know:
The charges stem from the insurer's handling of claims following the firestorms that swept through Pacific Palisades and Altadena early last year. According to a state audit, issues such as delays, poor assessments, underpayments, and "adjuster roulette" appeared in half of the claims reviewed. The findings are significant enough that the insurance giant now risks a one-year suspension of its operations in the state.

Consumer advocates argue the audit's findings validate long-standing complaints from policyholders.

"It proves that what these people have been saying is true, which, of course, we always knew it was," said Amy Bach of United Policyholders.

Carmen Balber of Consumer Watchdog added that many residents remain displaced. "Their homes are either destroyed with no end in sight or so contaminated by smoke that they cannot move back in," Balber said.

Homes remain uninhabitable
Among those affected is Ani Orinakyan, who reports that 15 months after the fire, her home remains uninhabitable due to heavy smoke toxins. While her house did not burn down, she said it suffered severe toxic damage.

Another customer, Pat Jeffries, discovered his policy was insufficient to cover the cost of replacing his home. Jeffries, a State Farm customer for decades, said he was underinsured despite previously inquiring about increasing his coverage. He is currently disputing his contents' coverage after being offered only 60% of his insured limit. Because he has an open claim with State Farm, Jeffries said he is forced to rely on substandard insurance from the FAIR plan.

"To me, the whole system is rigged," Jeffries said. Orinakyan echoed the sentiment, describing the company's practices as "predatory."

State Farm rejects accusations
The other side:
In a statement, State Farm categorically rejected the Insurance Commissioner's accusations and blamed the state for creating unnecessary delays. The company also issued a warning regarding the regulatory environment.

"The Department's approach is adding uncertainty to a market that already lacks predictability, discouraging participation and leaving Californians with fewer coverage options when they need them most," the company stated.

The California complaint follows other legal challenges for the insurer. State Farm is currently facing official investigations and lawsuits in Oklahoma for possible RICO Act violations and in Illinois regarding records of underpayments.

What's next:
However, some advocates worry that a resolution may be far off. Balber noted that a similar action filed by the Department of Insurance against the FAIR plan last year is still outstanding and has yet to receive a court hearing. For many policyholders, the only remaining options are to accept the current offers or pursue independent litigation.