State Farm is in Trump’s crosshairs over LA fires

MSN

LOS ANGELES—State Farm has burnished its reputation as the country’s largest home and auto insurer with its “good neighbor” slogan. President Trump this week offered a different take on the company: “absolutely horrible” and “not there to help!”

Trump’s social-media post critical of State Farm centered on its response to the devastating 2025 Los Angeles wildfires. Many whose homes were lost or damaged have complained of delays, underpayments and denials of claims.

“State Farm, and others, should get their act together, and treat people fairly,” Trump wrote in his post Tuesday.

The president’s public declaration was spurred in part by recent conversations between his administration and a politician he has been critical of: Los Angeles Mayor Karen Bass.

Trump said on Truth Social that he asked Lee Zeldin, the head of the U.S. Environmental Protection Agency, to list insurers that acted “swiftly, courageously, and bravely in order to make their clients happy,” and those that didn’t.

Bass and Trump spoke by phone in early March about the rebuilding of the Palisades, including insurance issues, and she has had other conversations with administration officials, a mayoral spokesperson said. Los Angeles County Supervisor Kathryn Barger also recently asked the administration to intervene, a spokeswoman said.

A State Farm spokesman declined to comment, including on whether company executives have been summoned to the White House.

The EPA is building the list of insurers with “direct feedback from local leaders and residents,” a White House official said Wednesday.

What will happen to the insurers that end up in the administration’s crosshairs “is for the president to decide,” the official said. Trump’s post “made it very clear that bad actors need to meet this moment, correct any past wrongs, and help these residents rebuild.”

Trump’s intervention could create an unlikely—and, for State Farm, challenging—red-blue alliance of federal and local representatives over shared frustrations of how insurers handled the Los Angeles fires.

The blazes destroyed more than 12,000 structures, killed at least 31 people and landed insurers with some $40 billion of losses.

Some whose homes survived were hit with significant rate increases. The California subsidiary of State Farm, the state’s largest insurer, secured an emergency 17% homeowners-insurance rate hike last year. In a settlement with state insurance regulators in March, the company agreed to set aside a request for an additional 11% increase.

Trump has repeatedly criticized what he sees as the region’s lagging recovery. He and Bass had a tense exchange at a press conference soon after the fires, and have since clashed over immigration.

Under Trump’s direction, the EPA and the U.S. Army Corps of Engineers cleared nearly 9,700 properties of hazardous items and other fire debris in eight months, one of the fastest cleanups of its size in modern history. Earlier this year, Trump signed an executive order that would allow fire victims to circumvent state and local permitting to rebuild more quickly.

The EPA’s Zeldin and Kelly Loeffler, the administrator of the U.S. Small Business Administration, visited Los Angeles in February and met privately with Barger and Bass. Bass and Trump subsequently spoke on the phone.

The offices of Bass, Barger and the EPA have been “in almost daily contact,” the agency said, “and our partnership has been paramount to the great progress that has been made.”

In a statement, Bass thanked Trump and Zeldin and said she had asked the president to intervene with the insurance companies to "ensure they pay claims."

Barger, who represents Altadena, has "consistently flagged" insurance issues to Zeldin and his staff, said spokeswoman Helen Chavez Garcia.

"It's heartening to see that the message has been relayed," Chavez Garcia said.

It isn't clear which companies will make the good-insurers list, but Trump's post suggests State Farm is in the hot seat.

Its sheer size—96 million customers nationwide—gives it a high profile role in most disasters. It insured more people affected by the Los Angeles wildfires than any other company, according to its website, and the disaster pushed its California unit to the brink of collapse.

Insurers stress how much they have already helped victims. State Farm received more than 13,700 claims and has paid $5.7 billion to date, according to its website. Total payments could reach $7 billion, it added.

Still, wrangling over unpaid claims and underinsurance have slowed L.A.'s rocky recovery. Claims for smoke damage are a particular flashpoint.

Ricardo Lara, California's Democrat insurance commissioner, and Los Angeles County last year launched separate investigations into State Farm's handling of smoke-damage claims. The insurer has said it is cooperating with both inquiries.

"A fair review will find that thousands of State Farm customers are being helped by our teams on the ground in Los Angeles County and are very satisfied," State Farm says on its website.

Consumer advocates say the L.A. complaints are one piece in a nationwide jigsaw of complaints and lawsuits alleging State Farm is unfairly limiting claims payouts.

"State Farm has a very big market share, so it is going to draw more complaints," said Amy Bach, executive director of United Policyholders. The company, she said, is "engaging in aggressive anti-consumer behavior on a large scale."

State Farm has said it strongly rejects allegations that it intentionally underpays or denies claims. The company has said that attacks over rates ignore market realities: last year, the insurer lost money underwriting home insurance.