

[State Farm Seeks Emergency Rate Hike in California After LA Fires](#)

KQED

State Farm is asking California regulators to approve a significant emergency rate hike, saying it is needed to avert a “dire situation for our customers and the insurance market in the state” accelerated by the disastrous wildfires across Southern California.

The company, California’s largest insurance group, requested “urgent assistance” in a letter to Insurance Commissioner Ricardo Lara on Monday asking for the following average rate hikes to be effective May 1, 2025:

- 22% increase in homeowners insurance
- 15% increase in condominium owners insurance
- 38% increase in renters insurance

State Farm General, the company’s California subsidiary, holds millions of policies and represents more than a million homeowners in the state.

Last June, the company sought a series of major rate increases to prevent insolvency, which called its financial stability into doubt amid an ongoing crisis in the state’s insurance market.

While regulators are still investigating those requests, which would raise rates an average of 30% for homeowners insurance and 52% for renters insurance, Monday’s letter asked the state to take quick action on an “emergency interim approval.”

“State Farm General’s rate filings raise serious questions about its financial condition,” Gabriel Sanchez, California Department of Insurance press secretary, said in a statement.

More than 1 in 5 homeowners have State Farm insurance in California, and that share has been growing in recent years, said Michael Wara, a climate and energy expert at Stanford University.

“State Farm isn’t very healthy financially because it has been really trying to stay in the California market and even grow in the California market as opposed to doing what most of the other companies have done, which is to shrink,” he told KQED.

“The financial health of State Farm is very significant, particularly to people in the fire footprint who now have claims to file,” Wara added.

Thousands of State Farm employees have assisted victims of the L.A. fires, the company said, processing nearly 8,700 claims and paying out more than \$1 billion to customers.

“We know we will ultimately pay out significantly more, as these fires will collectively be the costliest in the history of the company,” the State Farm letter said, noting that its reinsurance — basically insurance for insurance companies — will assist it in paying out claims.

Nevertheless, the costs of these fires will further deplete its capital.

“Last year, one rating agency downgraded SFG and, with further capital deterioration as a result of the fires, additional downgrades could follow,” the letter said. “If that were to happen, customers with a mortgage might not be able to use State Farm General insurance as collateral backing for their mortgage.”

“Given State Farm’s obligations to policyholders who lost homes in the L.A. wildfires [and] their large share of the overall California market — if they provide data to the state Department of Insurance to substantiate their claim to have paid out their entire surplus already — it’s likely there will be some level of a negotiated emergency increase approval,” said Amy Bach, executive director of United Policyholders, a San Francisco-based nonprofit that advocates for insurance consumers.