

[The Good Neighbor is in the Dog House](#)

According to the [Insurance Information Institute](#), State Farm insures nearly a fifth of all homes in the United States. Let that sink in. One insurance company holds the financial health of one fifth of all the homeowners in America in their hands. So the claim handling violations in a Market Conduct Exam report released today by California's Insurance Commissioner and a related request to suspend the company's Certificate of Authority for a period of one year is a **bombshell**. See: [5-4 Market Conduct Exam](#). While it's far from assured that request will be granted, this action by a leading state insurance regulator is very significant news.

This news is especially big on the heels of widely publicized litigation against State Farm in Oklahoma where the [State's Attorney General has intervened to support the plaintiffs](#), and [the story that aired on NPR last weekend](#).

United Policyholders was co-founded by a career State Farm employee whistleblower (Ina DeLong) and me, a career insurance consumer advocate and attorney. She'd brought a stack of 5,000 Loma Prieta earthquake claims to the law office where I was working as a policyholder attorney and told us they'd been underpaid or closed without payment due to an intentional business strategy by the insurer. That strategy included 1) Not training adjusters to thoroughly inspect for structural earthquake damage in crawl spaces, attics and behind drywall, 2) Not providing adjusters with levels and other necessary tools to determine whether joists had been "wracked" or were out of alignment due to the quake, 3) Only using contractors who minimized the extent and severity of damage; 4) Rewarding adjusters who closed the most number of claims each week with a case of beer, and 5) Closing claims without payment due to calculating only cosmetic damage repairs which coincidentally all fell just before people's deductibles.

As a result, for the last 35 years, United Policyholders has worked steadily to empower State Farm insureds, and all other insurance company insureds to resist those unfair practices, stand up for themselves and get treated fairly. Our Roadmap to Recovery® webinars, sample letters, online and print publications are all aimed at giving consumers those tools. For many of those who access our help and guidance, those tools have worked. But for others, the powerful invisible forces working against them are

defeating their reasonable expectations of coverage and leaving them financially crushed after everyday and catastrophic losses:

State Farm and many of its leading competitors have been hiring business efficiency consultants and adopting their prescriptions for paying out less on claims. Those prescriptions were chronicled by the late David Berardinelli in his book - [“From Good Hands to Boxing Gloves,”](#) and [Professor Jay Feinman’s “Delay, Deny Defend.](#) So while UP has been working steadily over these three and a half decades to defend, strengthen and advance the laws and regulations that protect policyholders and deter unfair sales and claim practices by insurers through testimony, amicus briefs, legislative, regulatory and advocacy engagements - State Farm (and others) have been working steadily to exploit their power to boost profits - not indemnify their customers when they suffer losses.

For those of us dedicated to helping insurance consumers - this latest development is sad but not surprising, discouraging but encouraging...Much more to come!