

## **'We feel alone': L.A. fire survivors call for California's insurance commissioner to resign**

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Survivors of the deadly Los Angeles County fires, some of whom have been unable to rebuild because their insurance claims have been delayed or denied, are calling for California Insurance Commissioner Ricardo Lara to resign.

Lara, a former state lawmaker, has one year left in his second term.

A recent New York Times article detailing loopholes the insurance industry could exploit in Lara's plan to try to improve California insurance availability was the last straw, fire survivors said. They said it proved Lara has helped the insurance industry more than he has helped policyholders.

Lara and others said his plan, which officially rolled out just days before the L.A.-area fires in January, is in its early stages and will take time to work.

Jill Spivack, a State Farm policyholder whose home burned in the Palisades Fire, said during a press conference Thursday that she has been unable to rebuild.

"We feel alone, we feel forgotten," she said. She implored Gov. Gavin Newsom to replace Lara. "Californians deserve an insurance commissioner that protects families, not the insurers doing harm," Spivack said.

Lara — who also faces accusations of improper spending of taxpayer dollars on travel — told CalMatters in an interview that he has no plans to resign.

"I understand the anger (of fire victims)," Lara said. "I'm frustrated with the pace of recovery that involves multiple agencies, multiple levels of government." He mentioned the actions he has taken in

response, which include the Insurance Department's June launch of a formal investigation into State Farm over its handling of claims from the L.A.-area fires; a legal action against the FAIR Plan, the state's fire insurer of last resort; and a bulletin requiring insurance companies to fully investigate and pay smoke damage claims.

Lara's efforts aren't helping survivors quickly enough, some of them say. On a website the group recently launched calling for Lara's resignation, the Eaton Fire Survivors Network links to surveys that say 70% of policyholders face delays and denials, and that 61% expect to lose housing coverage within months. They want the investigations sped up. They want Lara to pause approvals of rate increases in the meantime.

## **Why one survivor wants Lara out**

Andrew Wessels is still waiting to move back into his Altadena home, which did not burn down but was damaged. He first spoke with CalMatters in May, as he was battling State Farm over getting his home tested for toxins because he did not want to move his two children back into a potentially unhealthy environment.

He told CalMatters on Friday that he is still waiting for more tests the insurer ordered as it decides what it wants to pay for. He expects to have to wait until next year before he and his family can actually rebuild. But he feels lucky that he, his wife and kids found semi-permanent housing after shuffling among Airbnbs since the fire. They are now three months into an 18-month lease that State Farm is paying for, and he's breathing a little easier because he's "not boxing up things every few weeks."

He is joining the call for Lara's resignation. He said the state's insurance department recently closed his complaint about State Farm's handling of his claims based on the company's word alone — without asking him first.

"Recent information provided by the insurer states that the matter you originally brought to our attention is currently in stable condition," the department's Oct. 8 letter states.

"It was particularly concerning that it was closed without talking to me," Wessels said. "They're supposed to represent me. I think it speaks to who the Department of Insurance actually serves."

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He appealed and asked a couple of his state lawmakers' staff to contact the department on his behalf, and it reopened his complaint.

"It was also concerning that 'if State Farm says it, it must be true,' since the department is investigating (the insurer) for illegal practices," Wessels added. That proves a change is needed, he said.

Newsom spokesperson Tara Gallegos and the governor's office did not return repeated requests for comment about the calls for the governor to replace Lara.

Nicole Ganley, a spokesperson for the American Property Casualty Insurance Association, said the industry group would have no comment on the effort to oust Lara. She pointed to a letter to the editor the group sent to the New York Times, which took issue with the story about insurers reportedly exploiting loopholes in the commissioner's new regulations by avoiding writing policies in certain areas, then turning around to request to raise their premiums anyway.

"The reforms are recent, and their impact is still unfolding," the letter says in part. "Suggesting failure at this stage misrepresents the facts and risks undermining public confidence in a strategy designed to stabilize coverage in high-risk areas."

### **'No magic wand' for insurance crisis**

Carmen Balber, executive director of Consumer Watchdog, the Los Angeles-based nonprofit organization that is often at odds with Lara, was also at the press conference. Throughout his tenure, her organization has questioned his insurance ties, beginning in 2019 when Lara received and returned campaign contributions from the industry. He ran for office pledging not to take money from companies he'd regulate.

The organization is also the main intervenor in insurance rate reviews, meaning it often submits challenges to insurers' proposed rate increases and changes. On Nov. 20, a public hearing is scheduled to discuss Lara's proposed changes to the intervenor process, which Consumer Watchdog has characterized as the commissioner's revenge.

"What we've seen happen over the past couple of years is things getting worse for consumers, not

better,” Balber told CalMatters ahead of the press conference. “We need someone new in charge who will hold the industry accountable to its promises.”

But Amy Bach, executive director of San Francisco-based consumer advocacy group United Policyholders, said she is “sorry to see energy being expended in this direction.”

She said there are legal, regulatory and other efforts underway to try to improve the state’s home insurance market, and that bringing in a different commissioner isn’t likely to speed things up. “There is no magic wand that will solve the insurance challenges that are plaguing L.A. wildfire survivors and causing premiums to rise untenably across the state,” Bach said.

Robert Herrell, a former deputy insurance commissioner under Lara’s predecessor, also used the magic-wand analogy. As climate disasters and risks proliferate, there is no easy fix to what ails property insurance in this state, nation and the rest of the world, he said.

Yet he said survivors need a strong commissioner who stands up to the insurance industry. “This is not that commissioner,” said Herrell, who is now executive director of the nonprofit advocacy group Consumer Federation of California. “Just because he says that every time he takes action it’s for the consumers doesn’t make it true.”

Bach said Lara has had to find a way to balance competing interests: “No prior commissioner faced the marketplace conditions he’s faced, so it’s hard to say whether a heavier-handed approach would have worked any better than what he’s trying to achieve.”