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CALIFORNIA CONSUMER ALERT

Insurance Commissioner Ricardo Lara

Commissioner Lara Launches Investigation into State Farm Wildfire Claims, Wildfire Survivors Urged to File Formal Complaints

Insurance Commissioner Ricardo Lara today launched a formal investigation into State Farm's handling of thousands of wildfire insurance claims stemming from the Palisades and Eaton wildfires. He also is calling on wildfire survivors to submit formal complaints to help strengthen the Department of Insurance's investigation and expedite recovery for affected families.

Today's Action: Commissioner Lara is using the Department's Market Conduct Examination, one of its most effective regulatory tools, to determine whether State Farm is violating California consumer protection and claims-handling laws. The Commissioner is urging wildfire survivors who are facing delayed payments, claim disputes, smoke damage issues, or other problems to submit formal complaints as soon as possible at insurance.ca.gov or by calling 800-927-HELP.

"Californians deserve fair and comprehensive treatment from their insurance companies. No one should be left in uncertainty, forced to fight for what they are owed, or face endless delays that often lead consumers to give up. While there are national standards for insurance claims handling, they can be vague and inconsistently applied, especially during large-scale, climate-driven disasters. This examination will assess whether State Farm has complied with California's consumer protection and claims handling laws and will help determine if further reforms are needed as natural disasters increasingly disrupt insurance markets across the country."

– Commissioner Ricardo Lara

The strongest evidence we can present is the voice of consumers themselves. The more survivors come forward, the stronger the Department's case will be in protecting consumers.

Key Concerns Being Investigated:

- Frequent reassignment of multiple adjusters with little continuity in communication to homeowners
- Inconsistent handling of similar claims
- Inadequate record-keeping or information-sharing among claims teams
- Handling of smoke damage claims in urban settings

Progress to Date:

- Over \$40 million recovered for wildfire survivors through the Department's intervention on formal complaints brought by homeowners and consumers.
- Nearly \$17 billion in claims paid to residential and commercial policyholders impacted by the Eaton and Palisades Fires (as of May 12, 2025).
- Creation of a [Smoke Claims & Remediation Task Force](#) to develop consistent, science-based standards for handling smoke damage claims, standard that have not existed for more than 30 years.

Background: The Department has received general allegations regarding State Farm's claims handling. However, formal consumer complaints are required for the Department to take direct enforcement action and advocate on behalf of survivors.

What's next: A Market Conduct Examination is one of the Department's most effective tools, involving a thorough, fact-based review that typically takes several months. The Department is currently at a different stage in the claims process for these wildfires, which allows for a more comprehensive regulatory review for an examination of this magnitude and importance. Insurers are now making payment decisions, enabling the Department to evaluate adjuster practices and thoroughly assess State Farm's methods across a wide range of claims handling.