OFFICE OF THE
COUNTY
COUNSEL

County of Los Angeles

Dawyn R. Harrison
County Counsel

September 9, 2026

Mr. Raul Vargas, CEO
Farmers Group, Inc.
Woodland Hills, California
Email: *raul.vargas@farmersinsurance.com*

Asya Alexandrovich,
General Counsel
Email:
asya.alexandrovich@farmersinsurance.com

Re: Los Angeles County Counsel Investigation of Farmers' Response to Claims Arising Out of the January 2025 Los Angeles County Wildfires

Dear Farmers Insurance Group and Mr. Vargas:

The Affirmative Litigation and Consumer Protection Division of Los Angeles County's Office of the County Counsel (hereafter, County Counsel) is hereby notifying you that it has commenced a civil investigation of potential violations of California's Unfair Competition Law (Cal. Bus. & Prof. Code § 17200 *et seq*.) by Farmers Insurance Group (Farmers) related to Farmers' handling of insurance claims arising out of the January 2025 Eaton and Palisades wildfires (January 2025 Wildfires) in Los Angeles County. Bad faith insurance practices may violate the Unfair Competition Law, *Zhang v. Superior Court*, 57 Cal.4th 364, 380 (2013), and County Counsel is empowered by statute to prosecute and seek restitution, civil penalties, and injunctive relief for such violations on behalf of the People of the State of California. Cal. Bus. and Prof. Code §§ 17204, 17203, 17206.

The scope of County Counsel's investigation includes, but is not limited to, the following conduct related to the January 2025 Wildfires:

- Whether Farmers failed to timely respond to communications from claimants and/or timely accept or deny claims.

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- Whether Farmers engaged in a practice of switching adjustors assigned to a claim in a manner that resulted in delays and unfairly burdened policyholders in violation of its obligations to timely process claims and to diligently conduct thorough, fair, and objective investigations of claims.

- Whether Farmers misrepresented policy language or the terms or scope of coverage to claimants.

- Whether Farmers has failed to provide compensation for reimbursement for living expenses for up to 36 months from the date of the covered loss as required by law.

- Whether Farmers has failed to disclose repair, remediation, or replacement estimates or other documents upon claimant's request in violation of its obligation to disclose such documents within 15 days of a request.

- Whether Farmers failed to pay for testing for, or otherwise reasonably investigate claims of, smoke damage and/or failed to compensate claimants for remediation of smoke damage in violation of its obligations to conduct thorough, fair, and objective investigations of claims and to effectuate settlements of claims where liability is reasonably clear.

- Whether Farmers made false or misleading statements regarding the nature or scope of the coverage it intended to provide to induce homeowners to purchase, renew, and/or maintain Farmers homeowners insurance.

If Farmers is engaging in any of these unfair and illegal practices, immediately stop them and come into compliance with state law. Los Angeles County residents paid Farmers millions of dollars in premiums and it is Farmers' obligation to honor those policies and do everything it can to help its customers recover and rebuild.

County Counsel seeks Farmers' cooperation in its investigation. Specifically, County Counsel requests that Farmers produce the following documents related to the January 2025 Wildfires:

1. Any and all documents, including but not limited to reports, spreadsheets, databases, summaries, dashboards or other records that track, compile, or reflect in aggregate form information concerning

insurance claims related to the January 2025 Wildfires in Los Angeles County received by Farmers, including but not limited to:

a. the number or volume of claims submitted;

b. the nature or category of those claims;

c. the communications between claimants and Farmers for each claim and dates or timing thereof;

d. a description of the documents or materials submitted by each claimant and dates or timing of such submissions;

e. a description of the documents or materials sent to or disclosed to each claimant and the dates or timing of thereof;

f. the disposition or outcomes of each claim and the dates or timing thereof;

2. Any and all documents, including but not limited to manuals, claims manuals, memoranda, memoranda of instruction, specimen letters, forms, bulletins, training materials, policy statements, guidelines, or directives that reflect, describe, or constitute Farmers' claims-handling policies, procedures, criteria, guidelines, or practices applicable to claims arising out of property damaged by fire or smoke.

3. Any and all documents, including but not limited to manuals, claims manuals, memoranda, memoranda of instruction, specimen letters, forms, bulletins, training materials, policy statements, guidelines, or directives that reflect, describe, or constitute any updates, revisions, or changes made to Farmers' claims-handling policies, procedures, criteria, guidelines, or practices for claims arising out of property damaged by fire or smoke on or after January 7, 2025.

4. Any and all documents, including but not limited to manuals, claims manuals, memoranda, memoranda of instruction, specimen letters, forms, bulletins, training materials, policy statements, guidelines, or directives that reflect, describe, or constitute any updates, revisions, or changes made to Farmers' claims-handling policies, procedures, criteria,

guidelines, or practices for claims arising out of property damaged by fire or smoke in response to statements, orders, guidance, or directives of the California Department of Insurance ("CDI") or the CDI Commissioner issued on or after January 7, 2025.

5. Any and all documents, including but not limited to manuals, claims manuals, memoranda, memoranda of instruction, specimen letters, forms, bulletins, training materials, policy statements, guidelines, or directives that reflect, describe, or constitute Farmers’ policies regarding its adjustors, whether in-house or contracted, including in regard to licensing, ethics, and continuing education requirements.

6. Any and all documents, including but not limited to manuals, claims manuals, memoranda, memoranda of instruction, specimen letters, forms, bulletins, training materials, policy statements, guidelines, or directives that reflect, describe, or constitute Farmers’ policies regarding its catastrophe adjustors, whether in-house or contracted, including in regard to licensing, ethics, and continuing education requirements.

7. Any and all documents, including but not limited to manuals, claims manuals, memoranda, memoranda of instruction, specimen letters, forms, bulletins, training materials, policy statements, guidelines, or directives that reflect, describe, or constitute Farmers’ use of Artificial Intelligence (AI) tools in the claims review process.

8. Any and all documents, including without limitation advertisements, marketing materials, promotional statements, informational statements, descriptions of insurance policies, summaries of the terms of insurance policies, and insurance policy declarations containing representations regarding the coverage provided under Farmers homeowners insurance policies that include coverage for fire damage, smoke damage, or damage caused by fire or smoke to a homeowner's property disseminated to the public, prospective insureds, or insureds from January 1, 2023 through January 7, 2025.

9. Any and all documents that reflect, describe, or constitute sales scripts, talking points, training materials, or guidelines provided to agents, brokers, or representatives of Farmers, regardless of whether such

persons are employed by Farmers, concerning statements or representations to the public, prospective insureds, or insureds regarding coverage provided under Farmers homeowners insurance policies that include coverage for fire damage, smoke damage, or damage caused by fire or smoke to a homeowner's property and in effect from January 1, 2023 through January 7, 2025.

10. All documents, responses, and information regarding Farmers' handling of claims from Farmers policyholders arising out of the January 2025 Wildfires submitted to state or federal regulatory agencies.

Because this investigation concerns the ability of Los Angeles County residents who have been displaced or otherwise severely impacted by the January 2025 Wildfires to recover duly owed compensation and assistance, time is of the essence and County Counsel seeks Farmers' cooperation on an expedited basis. We request that Farmers provide an initial response to this correspondence no later than September 21, 2026.

Please direct any responses, questions, or other inquiries regarding this correspondence or the above-described investigation to the following attorneys:

Scott Kuhn (skuhn@counsel.lacounty.gov)
Andrea Ross (aross@counsel.lacounty.gov)
Anik Banerjee (abanerjee@counsel.lacounty.gov)
Joe Mellis (jmellis@counsel.lacounty.gov)

The County is committed to supporting those impacted by the January 2025 Wildfires in obtaining fair and efficient processing of their claims so they can return to safe and clean homes and rebuild their homes and community.

Finally, Farmers is hereby advised to maintain and preserve any records related to the above-described investigation and Farmers' claims processing regarding the January 2025 Wildfires. Failure to properly preserve such records may constitute a violation of law and subject Farmers to legal liability or other adverse consequences.

Very truly yours,

DAWYN R. HARRISON
County Counsel

By Jon Scott Kuhn
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Protection Division