# The wildfire profiteers: Insurance, corruption, and the Democratic Party’s complicity

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The recent Los Angeles wildfires have laid bare a stark reality: the Democratic Party, rather than advocating for the common worker, remains a loyal defender of corporate interests—particularly the predatory insurance industry. In the wake of a disaster that claimed 29 lives, displaced over 200,000 residents, and damaged or destroyed more than 18,000 structures, with economic losses estimated between $250 billion and $275 billion, the industry has once again revealed its deeply exploitative nature.

Central to this crisis is State Farm, a large insurance conglomerate that initially took advantage of market conditions for profit but then abruptly dropped policyholders when it became financially unfeasible. The narrative of State Farm’s aggressive push into high-risk wildfire areas in California, its deliberate underpricing of policies, and its eventual abandonment of thousands of homeowners illustrates the deep-seated class conflicts between working individuals and the corporate elite, along with the state.

For years, State Farm marketed itself as the insurer of last resort in California’s fire-prone areas, eagerly capturing market share from competitors who considered the risks too great. By 2022, it had claimed over 20 percent of the state’s homeowners’ insurance market, raking in $2.7 billion in premiums in 2023 alone. This was not an act of goodwill but a strategic risk, driven by artificially low premiums that attracted policyholders while generating substantial commissions for agents.

During this time, Michael Tipsord served as State Farm’s CEO and Chairman. As of 2023, his net worth was estimated to be between $100 million and $125 million. In 2022, he received total compensation of around $24.4 million, which included a base salary of $2.4 million and a bonus of $21.9 million.

Internal warnings about the unsustainable nature of State Farm’s strategy were ignored. Company actuaries repeatedly signaled that the California subsidiary’s premiums were inadequate, while external consultants flagged the increasing risk of catastrophic wildfires. Yet, State Farm executives prioritized short-term market domination over long-term sustainability. A few months before the 2025 wildfires struck, the company abruptly abandoned policyholders by dropping 30,000 homeowners, including nearly 10,000 in the very areas that burned.

This cycle of reckless expansion followed by strategic retreat exposes the true function of private insurance companies: they are not institutions designed to protect individuals from catastrophe, but financial mechanisms for extracting wealth. The moment risk outweighs profitability, insurers withdraw, leaving working people and middle class homeowners to fend for themselves.

The insurance industry, like the banking sector, wields immense economic and political power. State Farm, as the largest home and auto insurer in the country, is deeply intertwined with both the Democratic and Republican parties. These political factions, both subservient to the dictates of big business, have facilitated an environment in which insurers can act with impunity.

In 2023, after State Farm and other insurers began threatening to pull out of California altogether, two-term California Insurance Commissioner Ricardo Lara played an essential role in favor of the insurance industry. The state regulator swiftly approved massive rate increases up to 20 percent while hypocritically adopting a “sustainable insurance strategy” that effectively legitimized the industry’s demands for deregulation.

This was followed by further increase requests up to an additional 30 percent in June 2024. Lara’s deputy, Michael Soller, summarized the role of the state in facilitating the insurance companies’ profits: “Under the new rules, insurance companies cannot retreat from California if they want to do business here.”

Lara is a career Democrat. As he campaigned for his current office in 2017, he made the following statement: “I’m running to be California’s next state insurance

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commissioner because I believe at my core that California needs a strong defender, and a counterpuncher, who will stand up to fight our bullying President, Donald Trump, and his increasingly reckless federal government on issues from healthcare access to economic security and more."

Lara exemplifies the corruption and bankruptcy of identity politics. Posturing as a fighter for the working class, he has campaigned as the first openly gay statewide elected official in California and the son of formerly undocumented immigrants, presenting himself as a progressive champion for working people.

In reality, Lara, who supported Kamala Harris both in 2020 and 2024, has taken substantial political donations from the very insurance companies he was elected to regulate, overturned decisions made by his own judges and halted orders in cases involving companies whose executives contributed to his campaign.

Figures like Lara have paved the way for mass suffering. His duplicity exposes the true role of the Democratic Party—not as champions of social equality, but as enforcers of the capitalist status quo.

The Democratic Party's entire function is to feign opposition to big business while orchestrating policy that ensures its continued dominance. Just as they kneel before Wall Street in every economic crisis, they stand firmly with the insurance cartels in times of catastrophe.

Lara, who made a career for himself parading as an advocate for consumer rights and even universal health care, supporting the so-called Health Care For All "reform," proved to be nothing more than a corporate stooge. His backroom dealings with industry executives culminated in a manufactured crisis in California's insurance market, where State Farm and similar corporations dictated policy while dumping their losses onto struggling homeowners. While thousands faced the prospect of losing their homes entirely, Lara greenlit massive rate hikes and bailed out the very corporations that abandoned policyholders at their moment of greatest need.

The State Farm debacle was no accident; it was a carefully engineered maneuver that allowed insurance companies to extract vast sums in premiums, only to later abandon policyholders and use their financial distress as leverage for even greater government-backed profit extraction.

The state's regulatory apparatus, rather than serving as a check on corporate greed, functions as an instrument for facilitating the demands of capital. Even as State Farm's California subsidiary floundered, the corporation as a whole sat on a $100 billion surplus. Despite this, regulators did not compel the parent company to cover its losses but instead permitted drastic premium hikes that ultimately fall on policyholders.

State Farm's behavior mirrors the broader logic of capitalist crisis management: profits are privatized, while risks and losses are socialized. The decision to drop thousands of homeowners forced many into the California Fair Plan, a state-run insurer of last resort. The Fair Plan, however, provides only limited coverage at exorbitant rates, further burdening working class and middle class homeowners. As claims pile up, the Fair Plan itself now faces potential insolvency, raising the prospect of state intervention to stabilize the market—effectively a public bailout of the insurance industry's failures the cost of which would be borne by the working class.

Nor is this pattern unique to California. In Florida, another climate-vulnerable state, State Farm similarly threatened to pull out in 2009 before slashing policies in hurricane-prone regions.

The collapse of private insurance in climate-vulnerable regions underscores the fundamental incompatibility between capitalism and human needs. Insurance, like housing and healthcare, should not be left to the whims of private corporations whose primary obligation is to shareholders and executives. The rational solution is the nationalization of the insurance industry under democratic workers' control, ensuring that coverage is based on social need rather than profit.

A publicly owned insurance system would eliminate the perverse incentives that drive companies like State Farm to exploit and then abandon policyholders. Instead of gambling with people's homes and lives, such a system would prioritize risk mitigation and guaranteed coverage for all. Moreover, it would integrate with a broader global socialist program for addressing climate change, including massive investments in fire prevention, sustainable infrastructure, and worker protections.

The insurance crisis in California is not an anomaly but a warning. As climate disasters intensify, the capitalist class will continue to offload risks onto the working class while consolidating wealth. The only viable path forward is the socialist transformation of society, in which economic planning is directed toward human well-being rather than corporate profit.

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