

California's 5th largest insurer files for a 6.9% rate increase: 'It's pretty insane'

ABC 7

One of the state's largest insurance companies is asking the state if they can raise its rates. The request is the latest in a string of carriers who have increased premiums in recent months.

The California State Automobile Association, an insurance group affiliated with AAA, has officially filed for a homeowners' insurance rate increase.

"It's pretty insane to me that, you know, when it comes to their turn to pay out, they're not doing it as they should be," CSAA Insurance customer Jesse Kramasz said.

Kramasz has had an open claim with CSAA since 2020.

"The day after Christmas, actually," he said. "So, we noticed a leak under our sink, which turned into this big old thing, and we just had problem after problem and delays from the insurance company and just haven't been able to get our claim settled."

CSAA Insurance Group is the second insurer to file for a 6.9% increase in the last month.

In a statement, CSAA said they are requesting this "...to reflect the rising costs associated with inflation and the increasing frequency and severity of wildfires and other natural disasters..."

If the increase is 7% or higher, a consumer advocacy group could then require a hearing before the department of insurance, something that could be a lengthy process.

"If an insurer comes in with a request, just under 7%, there's no obligation to take it to hearing," said Joel Laucher with United Policyholders. "There still is a process of going through the filing and making sure

it's justified, but it just isn't as drawn out as a hearing process is."

Laucher says this increase shows the insurance company is committed to continuing coverage in California at a time when many have left, but he also hopes for a limit.

"Insurers can increase your coverage year to year based on estimates of replacement cost," Laucher said. "So, there is not only the rate increase happening, but also the inflation factor applied to the dwelling limits for a homeowner's policy that both come together to increase your premium."

AAA customers like Jesse want their claims resolved, not more increases.

"We are currently in the house, but currently without a kitchen, so we have 3 children, and we're getting by almost like we're camping," Kramasz said. "Camping inside a home we have, we're paying for, insurance we haven't stopped paying for."