

State Farm homeowner insurance rates to skyrocket

KTVU

Customers with home insurance policies through State Farm will soon pay higher premiums after California granted a rate hike.

State Farm insures one in five homes in the Golden State. Its policyholders will see an average increase of 20% beginning March 15.

However, pro-consumer United Policyholders, said what homeowners pay is based on their community's risk.

"Some may experience a very tiny rate increase of one or two or five percent. While those in probably in the higher risk areas could receive a 50% increase; possibly even more," said Joel Laucher of United Policyholders.

Multi-line Insurance agent Karl Susman said State Farm proved to the California Department of Insurance that it needed the increase.

"In California, I think we rank somewhere around sixth or seventh least expensive property insurance in the country," said Susman, owner of the Susman Insurance Agency.

The Department of Insurance issued this statement, "Commissioner Lara is focused on protecting consumers and using every tool at the Department's disposal to make sure policyholders do not pay more than they are required."

Harvey Rosenfield of Consumer Watchdog said on top of the 20% average increase homeowners will pay State Farm, renters will pay 11% more.

“There is no requirement that any of these insurers sell a single, additional policy to anybody,” said Rosenfield.

Drivers will also pay more. State Farm drivers will pay 21% more, Geico drivers, almost 13% more, and Allstate drivers, 30% more.

It all adds up fast.

“So considering that, we’re still looking, but we don’t think, at the moment, we can go buy a house in California,” said Sameera Shaikh who hopes to buy a home sometime.

The best hope is that more insurers come back and boost competition to lower prices.