

State Farm raising insurance rates 20% for California customers in new year

ABC10

State Farm customers across California are facing a 20% rate hike starting March 15, 2024 after California Department of Insurance officials greenlit the insurance giant's new rates.

The announcement comes months after State Farm General Insurance Company stopped accepting new California homeowners as customers because of "historic increases in construction costs outpacing inflation, rapidly growing catastrophe exposure, and a challenging reinsurance market," according to a company spokesperson.

Joel Laucher from United Policyholders, a consumer advocacy group, says folks should shop around for coverage amid the changes.

"Really the way that plays out, it may be a 3% or 4% rate increase for someone in a more urban and less wildfire exposed area. And it could be a 40% or a 50% rate increase for the population that owns homes in [wildfire impacted areas]," he said.

Laucher says State Farm is only the latest to increase costs.

"Premiums have gone up significantly in the last few years," he said. "When we really started to have an onslaught of wildfire losses in California, it amped up insurance rates for homeowners, renters, condominium owners, condominium associations and commercial property owners across the state."

Even with the increase in price, he stresses no homeowner should risk going underinsured. Ways to combat that are to keep shopping around for insurance and find what best suits needs.

California Department of Insurance Commissioner Ricardo Lara told ABC10 he is committed to using

every tool at the department’s disposal to make sure policyholders don’t pay more than they are required.

“The purpose of the Department is to approve rates so long as they are not excessive, inadequate or unfairly discriminatory,” he said. “Yes, the most recent rate change application from State Farm was approved.”