

State Farm seeking 30% rate hike for CA homeowners: Here's what to know

ABC7

Many California homeowners are concerned about their home insurance, and that anxiety ratcheted up on Friday when State Farm requested one of its biggest rate increases ever, a sign they may be struggling financially.

"It's critical to understand that nothing changes today for State Farm policyholders, said Michael Soller, spokesperson for the California Department of Insurance.

State Farm is asking for a 30% rate increase next year on the heels of a recent rate hike of almost 20% as they dropped many policyholders.

They are the largest residential homeowners insurers in California, insuring 1 in 5 homes.

And the insurance company is requesting a 52% increase for renters and 36% for condo owners, according to The San Francisco Chronicle.

"The rate filing that State Farm just made yesterday (Thursday), they're triggering a rarely used part of the insurance law," said Soller.

"It's a regulation meant to address a company's financial solvency. That's what they're saying and we're going to look closely at that, and we have some serious questions about State Farm's financial condition and we're going to get to the bottom of it. "

In a statement on Friday, State Farm told KGO-TV, "State Farm General is working toward its long-term sustainability in California. Rate changes are driven by increased costs and risk."

The California Department of Insurance said it's finishing up regulatory revisions that should give homeowners more insurance options in 2025.

"In this insurance crisis we're in right now, that's the big problem facing Californians, you don't have enough options particularly if you're in a place with any kind of wildfire risk. So we're looking at some changes to the insurance regulations, long needed and long overdue reforms that are going to lead to more choices for consumers," Soller said.

State Farm customers could potentially see their rates go up on their renewal date in 2025, but not immediately.

Joel Laucher with United Policyholders said, "I think for the foreseeable future, I think we're going to see a lot of increased rates and hoping this will stabilize in a couple years, but we're not at that place quite yet."