State Farm to raise homeowners rates in California

Insurance Business

Adjustment driven by “increased costs and risk”

State Farm policyholders in California are bracing for higher home insurance premiums after regulators approved a rate increase for the insurance giant this year.

The approved 20% adjustment applies to renewed policies and will be effective from March 15, according to a report by the San Francisco Chronicle.

A spokesperson said the hike is a necessary move for the company, which recorded a homeowners loss ratio of 84% during the first nine months of 2023.

“These rate changes are driven by increased costs and risk, and are necessary for State Farm Mutual Automobile Insurance Company and State Farm General Insurance Company to deliver on the promises the companies make,” the spokesperson said.

Larger hikes expected for policyholders in high-risk areas
While State Farm is set to increase rates by an average of 20%, United Policyholders said the amount that homeowners will pay is dependent on their community’s risk level.

According to the consumer advocacy group, some homeowners might experience minor increases, while those in higher-risk areas could see hikes of up to 50% or more.

In an interview with local news outlet KTVU, Consumer Watchdog’s Harvey Rosenfield also highlighted an additional 11% rise for renters on top of the 20% average increase for homeowners with State Farm.

The Department of Insurance released a statement regarding the increase, affirming Commissioner

Ricardo Lara's commitment to "protecting consumers and using every tool at the Department's disposal to make sure policyholders do not pay more than they are required."

State Farm is California's largest home insurer, capturing 8.7% of the state's property and casualty insurance market as of 2022.

Last year, it halted the issuance of new homeowner policies in the state, citing concerns about wildfire risks, rising construction costs, and reinsurance challenges.

Source: https://uphelp.org/state-farm-to-raise-homeowners-rates-in-california/ Date: July 18, 2024