

[Three of the four largest homeowners insurance companies in the state are raising their rates](#)

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Three of Alabama's four largest home insurers are raising rates, although State Farm Fire & Casualty Co., the state's largest, is giving coastal residents something of a break.

No. 1 State Farm, No. 2 Alfa Mutual group and No. 4 Farmers Insurance Group — the firms that have won state approval for increases — together control 57 percent of the state's homeowners market.

Company officials said costs to policyholders will vary on where they live, their house and other factors. All said the rate increases are meant to make sure they have money to cover future losses.

"It's about having enough premium and protection to pay future claims," said State Farm's David Majors.

Many insurance companies saw the value of their investments decline over the last year, said Amy Bach, executive director of United

Policyholders, a California-based group that advocates for consumers.

"That's the cycle we've seen forever," Bach said. "Whenever they're getting bad returns on their investments, they look for ways to make things up by raising rates or becoming more creative in restricting claims."

In Alabama, No. 3 Allstate Corp. also wants rate changes, Insurance Department spokesman Ragan Ingram said. The Alabama Insurance Underwriting Association, the state insurer of last resort known as the "Beach Pool," raised rates in July by an average of 5.5 percent on its



12,000-plus customers in Mobile and Baldwin counties.

In 2006, the most recent year available, a homeowners policy in Alabama averaged \$894, according to the National Association of Insurance Commissioners. That was the ninth-highest dollar average nationally, even though Alabamians were typically insuring homes valued at less than the national norm.

In 2002, state homeowners paid 10 percent less than the national average.

October's 25.7 percent increase is Farmers' third straight year of double-digit price increases, for a statewide average increase of 69 percent since May 2007. Los Angeles-based Farmers, a unit of Zurich Financial Services, grew its Alabama market share to 8.8 percent with a reputation for low rates, local insurance agents have said.

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