

State Farm Seeks 67% Rise In Homeowner Rates

http://www.insurancenewsnet.com/article.asp?neid=200812121180.3.197_d55e00000d3e010

<?xml version="1.0"?> State Farm Seeks 67% Rise In Homeowner Rates Russell Ray Tampa Tribune, Fla. McClatchy-Tribune Regional News

Dec. 12--TAMPA -- State Farm Insurance is asking regulators for permission to raise homeowner rates an average of 67 percent statewide, up from its original request of 47 percent.

The original request was rejected in August by Insurance Commissioner Kevin McCarty. The new request comes amid State Farm's appeal before Administrative Law Judge Daniel Manry, who is expected to issue a ruling this month.

State Farm, Florida's largest private insurer, has nearly 100,000 homeowner policies in Hillsborough and Pinellas counties.

In papers filed with the Department of Administrative Hearings, State Farm said it originally asked for a 47 percent increase "in order to obtain quick approval." However, the company has maintained it needs a 67 percent increase "to be better able to pay the claims of its customers and maintain an adequate surplus to pay claims in case of a catastrophic event."

In rejecting the original request, state regulators cited excessive reinsurance costs and exaggerated losses. They also said the company failed to pass on savings from buying low-cost reinsurance from the state.

State Farm said a state-mandated rate decrease and state-mandated discounts for policyholders who strengthen their homes against hurricanes have led to deep revenue cuts.

The average premium collected from Florida policyholders has dropped from \$1,889 in the fourth quarter of 2006 to \$1,399 in the third quarter of 2008, the company said.

State Farm struck a deal with regulators last year to lower premiums 9 percent in 2008. In 2006, though, State Farm won approval from regulators to raise premiums 52 percent on average.

Reporter Russell Ray can be reached at (813) 259-7870.

To see more of the Tampa Tribune or to subscribe to the newspaper, go to <http://www.tampatrib.com>. Copyright (c) 2008, Tampa Tribune, Fla. Distributed by McClatchy-Tribune Information Services. For reprints, email tmsreprints@permissionsgroup.com, call 800-374-7985 or 847-635-6550, send a fax to 847-635-6968, or write to The Permissions Group Inc., 1247 Milwaukee Ave., Suite 303, Glenview, IL 60025, USA. Dec. 12--TAMPA -- State Farm Insurance is asking regulators for permission to raise homeowner rates an average of 67 percent statewide, up from its original request of 47 percent.

For more insurance news, visit InsuranceNewsNet.com

Don't miss another insurance headline, [sign up](#) for our free newsletter today.

Want your company's news featured on Insurance News Net? [Click Here](#)