

State Farm seeks 10.6% homeowners' rate reduction

by Los-Angeles-BizJournal

State Farm Insurance Cos. has asked the state for approval to reduce homeowners' insurance rates by an average of 10.6 percent.

The decrease would apply to 1.2 million policyholders and would save them an average of \$103 per year. This is State Farm's second request for a rate decrease in two years. Last year State Farm, the largest homeowners' insurer nationwide and in the Golden State, reduced rates by 6.2 percent in California, said local State Farm spokesman Bill Sirola.

State Farm's request is in sharp contrast to Allstate Insurance Co.'s request last week to raise homeowners' rates by an average of 12.2 percent, or an estimated \$96 million in annual premiums.

"Different companies have different financial models," Sirola said Wednesday in defense of rival Allstate. "I know they're going to take a pounding."

Insurance Commissioner John Garamendi must approve rate changes.

Allstate, the state's third-largest homeowners' insurer, said in a news release Friday that its new rating plan is designed "to preserve the company's ability to write homeowners insurance in California given the state's vulnerability to natural disasters."

State Farm, on the other hand, found that it could lower rates to reflect recent loss trends. The insurer hasn't raised homeowners' rates in several years, Sirola said.

Last month USAA proposed reducing its homeowners insurance rates by up to 27 percent, or 22 percent on average, in the Golden State.

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