

Allstate must reverse insurance hike

by UPI.com

IRVING, Texas (UPI) -- Texas regulators have ordered Allstate Corp. to reverse a 5.9 percent homeowners insurance rate increase, calling it excessive. Regulators also ordered the company from now on to file its rates for approval before implementing them. Allstate is still reviewing the order to determine if it will appeal and if it will continue to implement the hike, spokesman Bill Mellander told the Houston Chronicle. If Allstate does not abide by the order, it faces administrative penalties and sanctions, the order said. Allstate implemented the increase Monday, while adding an extra average 2 percent increase in Texas counties once and twice removed from the Gulf of Mexico, the Chronicle said. The gulf's warm water temperature can feed powerful Atlantic hurricanes, as happened with Hurricane Katrina in 2005. Allstate said it needed the rate increase because of rising costs of construction and reinsurance, the insurance the company buys for itself to help pay for claims in the event of a catastrophe. Texas said the insurer overstated its projected expenses and losses, which in turn inflated the rates the company wanted to charge. Allstate also would have earned a return of 10.4 percent with the rate hike, which the commissioner's order called excessive, the consumer-focused Texas Office of Public Insurance Counsel said.

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