

Judge won't delay Allstate rate reduction

by Sacramento-Biz-Journal

A California Superior Court judge on Thursday refused to delay a \$244.7 million auto insurance rate reduction ordered by the state for Allstate customers.

"The court rejected Allstate's efforts to delay immediate savings to consumers," said state Insurance Commissioner Steve Poizner in a news release. The insurer sought a delay from the court while it appeals a state decision "that Allstate's existing passenger automobile rates are 15.9 percent in excess of what the law permits"

Poizner in March ordered rate reductions for customers of Allstate Insurance Company and Allstate Indemnity Company amounting to \$244,672,212. It was "the result of months of negotiations and an administrative hearing, which began with Allstate requesting no change to their auto insurance rates, and mirrors reductions made by other major auto insurers, Poizner said.

Allstate, the fifth-largest auto insurer in the state, said it would consider further court action.

"Allstate wants to lower its auto rates and reduce the cost of auto insurance in California, especially during difficult economic times for our customers," said spokesman Peter DeMarco in a news release. "However, the proposed auto rate reduction Allstate is being asked to take is neither fair nor reasonable. We are reviewing the details of the Court's ruling and will continue to explore our options going forward.

"Though disappointing, today's ruling has no impact on the merits of Allstate's appeal, and we believe we will ultimately win the appeal," DeMarco said. Requiring Allstate to implement a 15.9 percent rate decrease before the appeal is heard leaves the insurer with no way to recover those losses if it ultimately wins the case.

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