

Farmers Insurance wants huge rate hike for Valley residents

Rate hike would impact Texas Coast

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AUSTIN (AP) - Farmers Insurance has indicated it wants to raise home insurance rates 20 to 30 percent along the Texas coast, while reducing rates in many other areas.

The company's rate filing with the Texas Department of Insurance on Wednesday indicated a net result of a statewide increase of 2.2 percent with hefty premium hikes in coastal counties and southeast Texas. Many other parts of the state would see modest reductions.

Michelle Levy, a spokeswoman for Farmers, said nearly 50 percent of the company's 686,000 policyholders in Texas would see lower premiums under the plan.

"We feel good about the proposal," Levy said. "We think these rates are fair and justified and represent what we need to be charging in the current Texas market."

The new rates, which will be reviewed by insurance department actuaries, are scheduled to take effect Feb. 16 for new and existing customers.

The new filing comes five months after the company withdrew a proposed 6.6 percent increase in homeowner rates when the insurance department signaled that it would reject the plan.

Ben Gonzales, a spokesman for TDI, said the department will review the filing over the next two months and decide whether it is appropriate before the effective date.

"We're still trying to work with the company," he said.

Levy said the proposal reflects concerns an increased number of hurricanes and tropical storms will threaten the Texas coast over the next few years. The industry saw massive property losses from hurricanes Katrina and Rita in 2005.

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