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**FOR IMMEDIATE RELEASE**

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## **MID Negotiates Major Rate Filings Mississippi Insurance Markets Staying Open**

Jackson –After months of separate discussion and negotiations, State Farm and Allstate insurance companies have come to an agreement with Mississippi Insurance Commissioner Mike Chaney on details of rate filings.

Allstate Property and Casualty Company will see a statewide average increase of 13.9% on policies with wind and hail coverage effective September 22, 2008 on new business and November 6, 2008 for renewals. Allstate Insurance Company's statewide average increase will be 14.1% on policies with wind and hail coverage effective September 22, 2008 on new business and November 6, 2008 for renewals. State Farm, which made its initial filing in 2006, has been granted a statewide average increase of 13.6% that will go into effect November 1, 2008 for new business and December 1, 2008 for renewals.

Coastal policyholders with Allstate who do not have wind coverage will see no increase. If Allstate policyholders have wind and hail coverage they will see a variety of changes in their premiums. Seventy-nine per cent of Allstate policyholders on the coast will see anywhere from a 0-40% increase in their premiums. Away from the coast over 90% of the policy holders for both Allstate Property and Casualty and Allstate Insurance Companies will see anywhere from a 0-5% rate increase. MID is also working with Allstate on providing Wind Mitigation discounts.

Allstate's original filing requested up to a 309% increase for some policyholders in the highest risk areas and a statewide average increase of 29%. Commissioner Chaney refused that request.

State Farm's original filing included withdrawing coverage from additional markets that would have affected nearly 32,000 homes. Now, coastal State Farm policyholders who do not have wind coverage will see no increase while most who still have wind coverage could see anywhere from 10 % decreases to 20% increases in their premiums depending on their location, deductibles and type of dwelling they own. State Farm policyholders away from the coast could

experience anything from a 3% rate decrease to a 6% rate increase. State Farm will also be changing some policyholders to a mandatory hurricane deductible for wind damage.

All companies made significant changes following separate negotiations with the Mississippi Insurance Department (MID). In negotiations both Allstate and State Farm advised MID that if they did not get the required rates that they would have to look at reducing more coastal business. Both companies agreed to work with MID officials to maintain coverage on the coast and other parts of the state. As an example State Farm agreed to begin writing coverage to existing customers who move to the state.

Without these agreements as much as \$5 billion of wind coverage would have been put into the state-run Wind Pool which would have cost the state in excess of an estimated \$200 million in state revenue yearly to keep rates at present levels.

“Our goal has been to keep people from going into the Wind Pool to save policyholders and taxpayers money,” Mississippi Insurance Commissioner Mike Chaney said. “I’m a homeowner in Mississippi too and I don’t like to see any increases in insurance premiums. Some rate increases must be granted to keep companies doing business in the state.

“However, I would like to point out that even with the increases; premiums from these companies will still be much cheaper than being put into the costly, state-run Wind Pool.”

Chaney said companies do not have to do business in the state. The MID has no regulatory authority to force them to remain in Mississippi.

“These increases indicate signs that the companies are willing to continue doing business in Mississippi,” Chaney said. “And in State Farm’s case this is a first step in getting them to re-open Mississippi markets. We are still meeting with State Farm executives to convince them to do that.”

To illustrate the effect of the increases Chaney cited examples from both companies:

Allstate – The premium on a \$100,000 frame construction home closest to the water, with a \$1,000 deductible and a 2% hurricane deductible would be \$2,842 yearly. That same policy with the Wind Pool would be \$3,579 yearly or \$737 more, around 26% higher.

State Farm – The premium on a \$120,000 brick veneer home, below I-10, with a \$1,000 deductible and a 5% hurricane deductible would be \$2,974 yearly. A comparable policy with the Wind Pool would be \$3,136 yearly or \$162 more, around 9% higher.

One way that policyholders can reduce their premiums is by increasing their deductibles, Chaney advised. Nearly 50% of Allstate policyholders on the coast carry a deductible of \$500 or less, with some having a deductible as low as \$100. Increasing that deductible to \$1,000 can make a substantial difference in their premium.

Commissioner Chaney again urges all coastal residents to review their policies closely, and to purchase flood insurance. He added that a home inventory checklist is available for consumers on the MID website.

Policyholders may check and see how premiums in their area are affected by the filing. The Mississippi Insurance Department will be posting maps of rate changes associated with this filing on its website at [www.mid.state.ms.us](http://www.mid.state.ms.us). Policyholders are also encouraged to contact their local agent to determine how their policy is affected.

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