

More and more insurance companies are sending out a consent to rate letter, also called a consent to rate form to their _____ [North Carolina Auto Insurance](#) _____ and _____ [North Carolina Homeowners Insurance](#) _____ policyholders.

The letter may seem like harmless little form that you sign and return but it isn't.

In fact it should be a big red warning flag to you about your insurance company and your status with them.

Alarm bells should be going off in your head and there are a few things you will want to understand before you sign anything.

To understand what a consent to rate letter is and how it works, you must first understand a little bit about how [auto insurance](#) and [home insurance](#) rates are established in North Carolina. You see, all rates for these policies have to be approved by the NC Insurance Commissioners office.

In most all cases, the Insurance Commissioner sets the maximum rates allowed for a [North Carolina auto insurance policy](#) and a [North Carolina home insurance policy](#).

The various insurance companies then create their own many rate tiers for their policies by deviating, or reducing their rates to something below the maximum allowed rate which is often referred to as the state rate.

What a consent to rate letter does is ask you to give the insurance company permission to charge you rates on your policy that exceed the state maximums. When you sign and return

this letter you are essentially giving your ok to be charged rates higher than those established by your insurance commissioner.

Why would the insurance company want to charge you rates above those allowed by the commissioner's office? Well there are really only two reasons. One is a macro reason and the other is micro in nature. Let me explain.

The macro reason means that the company is doing this for either all or many of its clients. We are seeing this with the [North Carolina Homeowners policies](#) from some companies who have too much exposure to possible storm assessments as a result of the beach plan insurance crisis.

To read my latest blog about that, please [click here](#)

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The micro reason would be that the insurance company has singled you out as a client that they find too risky to insure at their usual rates. Before they can accept you as a customer and issue your policy, they have to know that they can charge you more than the state maximum rates.

Either way, a consent to rate letter is bad news for you as a customer of that insurance company. It implies that either your company is having some difficulties or that you are a bad risk. The implications for you are that you may be seeking insurance from the wrong company. You may not be a good fit for that company for a whole host of reasons. With so many other insurance companies out there, all fighting for your business, your best course of action may be to [seek insurance elsewhere](#).

Before you sign and return any consent to rate letter, you should get an informed second opinion. At [Clinard Insurance Group in Winston Salem, NC](#), we work hard to make sure that our clients and friends are well informed insurance consumers.

We can help you better understand what that consent to rate letter means for you.

Call us, toll free at 877-687-7557 for any help you may need with your

[North Carolina auto insurance](#)

,
[home insurance](#)

,
[umbrella insurance](#)

or even

[life insurance](#)

We can give you an informed second opinion on your insurance questions.