

Several large insurance companies are now actively sending out consent to rate letters to their customers with [homeowner insurance policies](#). This letter is bad news for anyone who gets one although the language in the letter might seem to make it sound fairly benign.

But that's like putting a tablespoon of sugar on rotten meat.

Here's some help for you in understanding why you might be receiving this letter and what it means for you.

To better understand what this letter is, you must first understand better why you are receiving it. In North Carolina, we have an insurance crisis that is getting worse each day. The problem is that the government run beach plan to insure property at the coast is under funded and when a big storm hits the North Carolina coast, there won't be enough money to pay the claims.

The way the current law is written, the beach plan will assess the insurance companies in an unlimited amount to recover these losses.

This unlimited liability to the insurance companies has made them uncomfortable about writing homeowners insurance policies in NC and as a result they are finding ways to reduce the number of policies that they write, or ways to get more money in the door for the ones that they continue to insure.

To read more about how this crisis

[click here](#)

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To learn how to protect yourself from it,

[click here](#)

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The consent to rate letter will always request that you sign it at the bottom and return it to your

insurance company. What you are agreeing to when you sign this letter, is that you are willing to pay rates on your [homeowners insurance policy](#) that are higher than the maximum rate that the state allows the insurance companies to charge for your policy.

Currently, almost every company insuring homes in North Carolina will charge rates that are dramatically lower than the state maximum rate.

In some cases the discount off of the state rate is as high as 50%.

So you can see, if you sign and return this letter, you can expect a huge rate increase on your home insurance policy.

As an added insult, some of the companies sending out this letter are saying that they will only increase the rate by some small amount, say 3% or 5%. But this increase is over the state maximum rate, not the rate the homeowner is presently paying.

This is deceptive and unfair in my opinion.

Also, these letters will say that if you do not sign and return the letter, then the insurance company will not renew your policy.

So what should you do if you receive a consent to rate letter? First of all, I would call your agent and ask them why you received it and if there are any other options for you.

If they cannot offer you any options, I would suggest you call an independent agent who has access to many different insurance companies to see if they can provide you with a quote.

Any quotes below the state rate will save you money.

If you are unsure where to turn or if you would like a second opinion, please feel free to call us, Clinard Insurance Group, toll free, at 877-687-7557 or visit our web site at [www.ClinardInsurance.com](http://www.ClinardInsurance.com).

At Clinard Insurance Group we represent dozens of home insurance companies and none of them are currently sending out consent to rate letters.