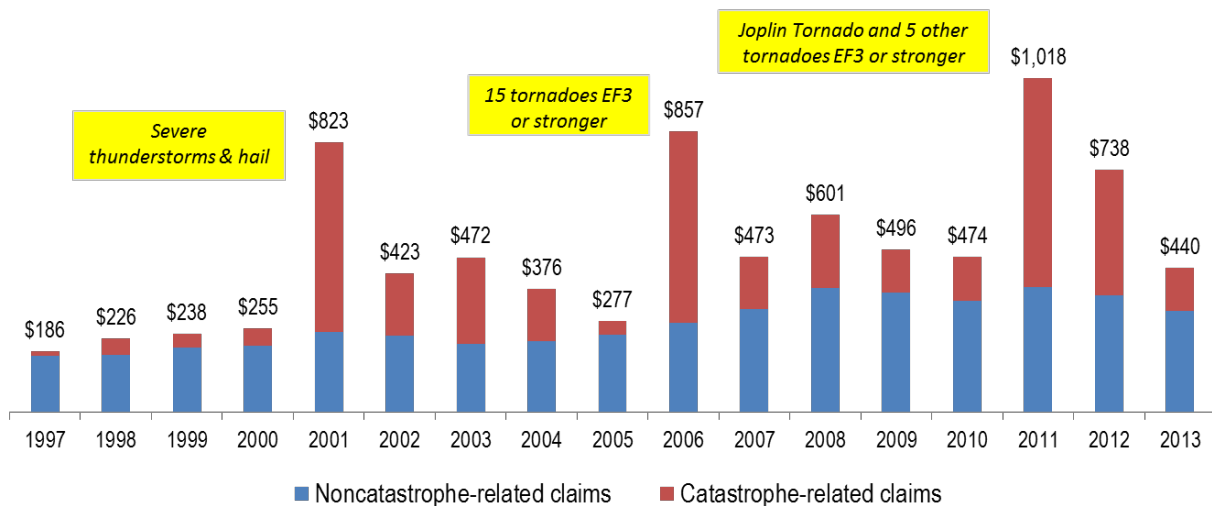




## Trends in Homeowners Insurance Claims *Findings from Missouri*

The following is an analysis of fundamental trends in the frequency and cost of homeowners insurance claims paid in Missouri between 1997 and 2013. The analysis is based primarily on data reported by insurance companies participating in the Fast Track Monitoring System. The Fast Track system is a cooperative effort of three major statistical agencies, ISO Data, Inc., Independent Statistical Service, Inc., and National Independent Statistical Services. Insurance companies participating in the system represent approximately one half of the homeowners insurance market countrywide. The findings presented here were previously published in the IRC report *Trends in Homeowners Insurance Claims, 2015 Edition*. More information about the data and methodology can be found in the report.

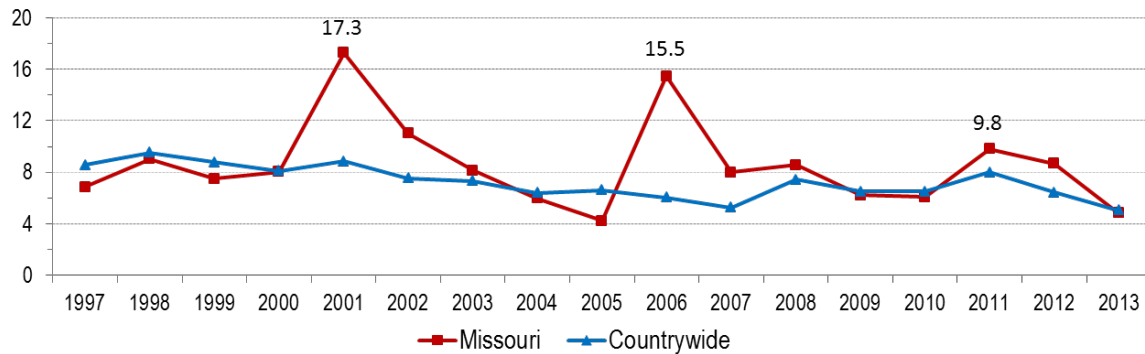
Figure 1  
Homeowners Insurance Claim Trends in Missouri  
Average Claim Payment per Insured Home, All Policy Forms Combined



Sources: Fast Track Monitoring System; National Climatic Data Center.

- In 2011, homeowners insurance companies paid an average \$1,018 in claim payments for every insured home in Missouri—63 percent more than the \$625 paid on average countrywide. Other years when average claim payments per insured home in Missouri were significantly greater than the countrywide average were 2001 (130 percent greater), 2006 (119 percent greater), and 2012 (47 percent greater).
- Higher than average claim costs were typically due to increases in the claim payments related to catastrophe events. In 2011, for example, 63 percent of all homeowners claim payments were for claims related to tornadoes, including the EF5 Joplin tornado.

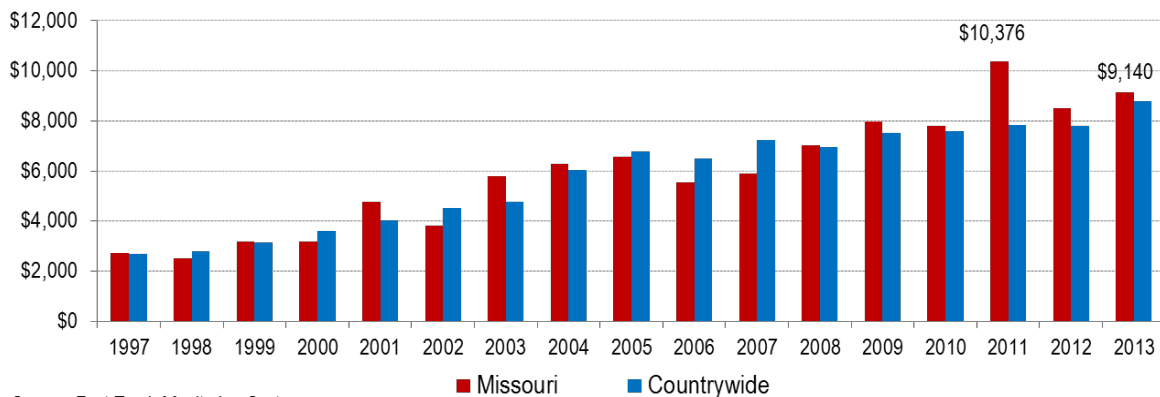
Figure 2  
Homeowners Insurance Claim Frequency in Missouri  
Number of Claims Paid per 100 Insured Homes, All Policy Forms Combined



Source: Fast Track Monitoring System.

- The frequency of paid homeowners insurance claims, depicted in Figure 2, is the number of paid claims per 100 insured homes.
- In 2011, the paid claim frequency rate in Missouri was 9.8, which was 23 percent greater than the countrywide average of 8.0. The higher costs per insured home in 2011, shown in Figure 1, was not due primarily to higher claim frequency. Instead, higher claim severity, discussed below, was the chief reason why average claim payments per insured home were so high in 2011.
- The volatility of homeowners insurance claim frequency in Missouri over the 17-year period examined was attributable primarily to catastrophe-related experience, producing extraordinarily high claim frequency rates in 2001 and 2006.

Figure 3  
Homeowners Insurance Claim Severity in Missouri  
Average Insurance Payment per Paid Claim, All Policy Forms Combined



Source: Fast Track Monitoring System.

- Claim severity, depicted in Figure 3, is the average payment per paid homeowners insurance claim. The average severity of homeowners insurance claims in Missouri grew from \$2,712 in 1997 to \$9,140 in 2013—an annualized increase of 9.0 percent per year. In contrast, average claim severity countrywide grew at an annualized rate of 7.8 percent per year. For the same period of time, inflation averaged 2.4 percent per year.
- Claim severity peaked at \$10,376 in 2011—the year of the EF5 Joplin Tornado.
- The rapid and continuing increase in the severity of homeowners insurance claims in Missouri has multiple causes, including an increase in the size and complexity of new homes, the increased severity of storms, and major increases in the price of oil-based building materials such as asphalt and tar roofing.