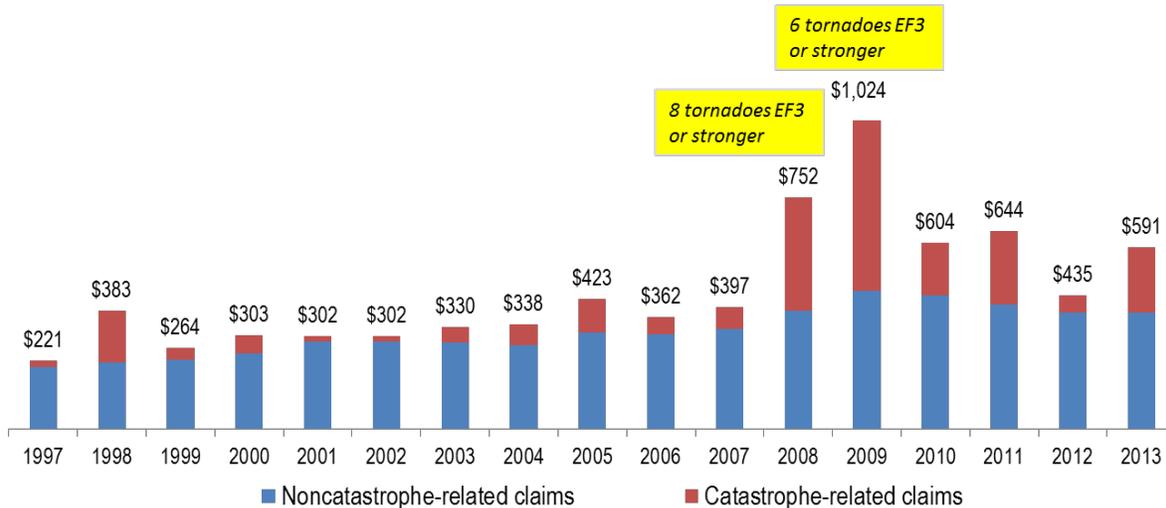




Trends in Homeowners Insurance Claims Findings from Georgia

The following is an analysis of fundamental trends in the frequency and cost of homeowners insurance claims paid in Georgia 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.

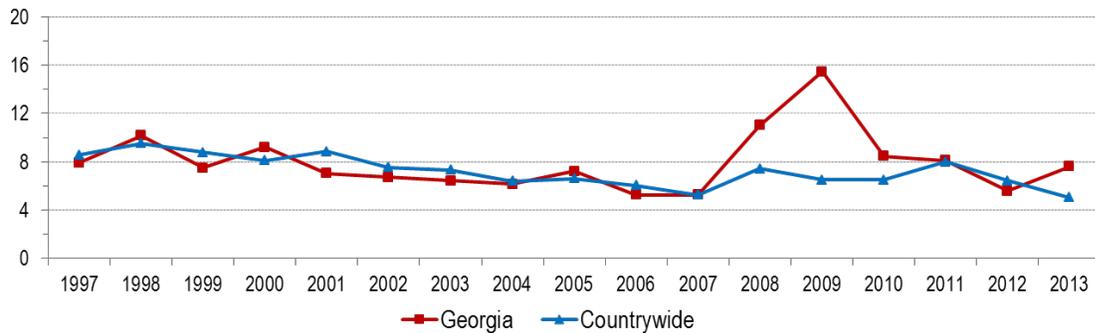
Figure 1
Homeowners Insurance Claim Trends in Georgia
Average Claim Payment per Insured Home, All Policy Forms Combined



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

- In 2013, homeowners insurance companies paid on average \$591 in claim payments for every insured home in Georgia—34 percent more than the \$442 paid on average countrywide. Average claim payments per insured home were exceptionally high in Georgia in 2008 (\$752) and 2009 (\$1,024).
- Average payments per insured home in Georgia were higher than the countrywide average in 9 of the 17 years studied. Claim payments attributable to catastrophe events contributed heavily to total claim payments in those years. For example, in 2009, catastrophe-related claim payments accounted for 56 percent of total claim payments.

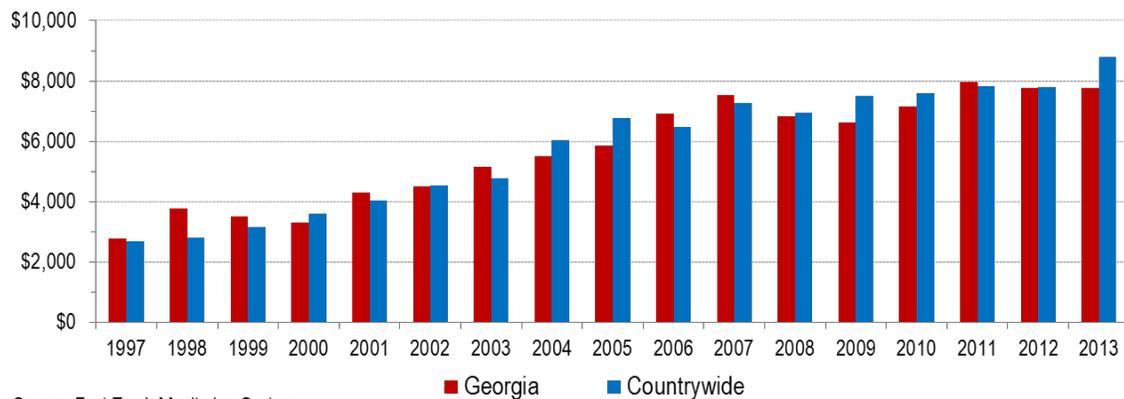
Figure 2
 Homeowners Insurance Claim Frequency in Georgia
 Number of Claims Paid per 100 Insured Homes, All Policy Forms Combined



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.
- Homeowners insurance claim frequency in Georgia has closely tracked the countrywide trend since 1997 except for a three-year period, 2008-2010, when claim frequency was significantly higher than the countrywide average. For example, in 2009, there were 15.5 paid claims per 100 insured homes in Georgia, which was more than double the countrywide rate of 6.5.

Figure 3
 Homeowners Insurance Claim Severity in Georgia
 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 Georgia grew from \$2,784 in 1997 to \$7,768 in 2013.—an annualized increase of 6.5 percent per year. Average claim severity countrywide grew at an annualized rate of 7.8 percent per year, and over the same period of time inflation averaged 2.4 percent per year.
- The rapid and continuing increase in the severity of homeowners insurance claims 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.