

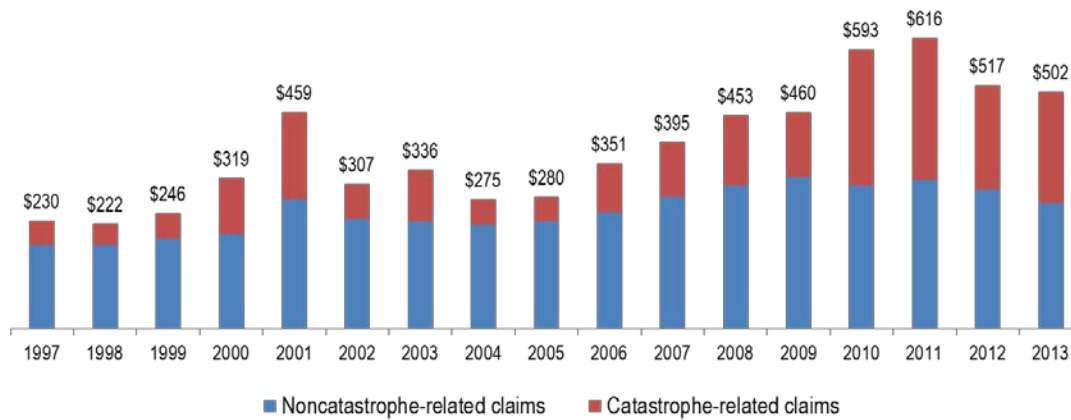


## Trends in Homeowners Insurance Claims

### Findings from Illinois

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

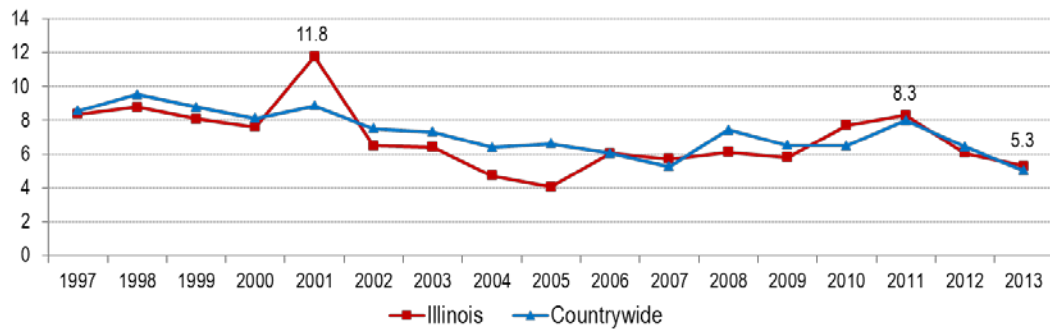
Figure 1  
Homeowners Insurance Claim Trends in Illinois  
Average Claim Payment per Insured Home, All Policy Forms Combined



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

- In 2013, homeowners insurance companies paid on average \$502 in claim payments for every insured home in Illinois—14 percent more than the \$442 paid on average countrywide. In 2011, insurers paid \$616 on average per insured home in Illinois—nine dollars less than the countrywide average of \$625.
- Illinois experienced particularly high average claim payments per insured home during the last several years examined. From 2010-2013, claim payments per insured home averaged \$557—67 percent more than the average payment per insured home (\$333) during the previous thirteen years.
- Much of the increase in claim payments noted above was due to an increase in catastrophe-related experience. From 2010-2013, catastrophe experience accounted for approximately 47 percent of all homeowners claim payments in Illinois. During the previous 13 years, catastrophe-related experience accounted for approximately 28 percent of all claim payments in the state.

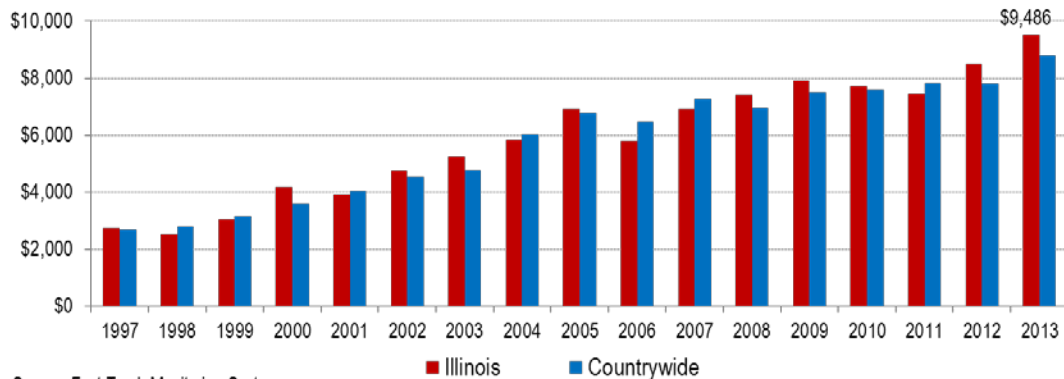
Figure 2  
 Homeowners Insurance Claim Frequency in Illinois  
 Number of Claims Paid per 100 Insured Homes, All Policy Forms Combined



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.
- There were 5.3 paid homeowners insurance claims per 100 insured homes in Illinois in 2013. Two years earlier, in 2011, there were 8.3 paid claims per 100 insured homes in the state. In 2001, the claim frequency rate in Illinois was 11.8.
- The extreme volatility of homeowners insurance claim frequency in Illinois over the 17-year period examined was due almost entirely to catastrophe-related claims experience.

Figure 3  
 Homeowners Insurance Claim Severity in Illinois  
 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 Illinois grew from \$2,746 in 1997 to \$9,486 in 2013— an annualized increase of 8.1 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.
- 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.