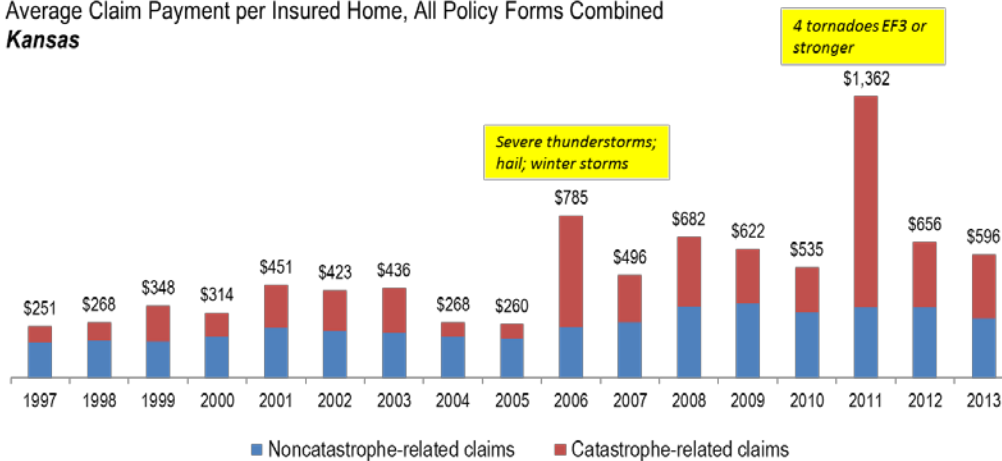




Trends in Homeowners Insurance Claims *Findings from Kansas*

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

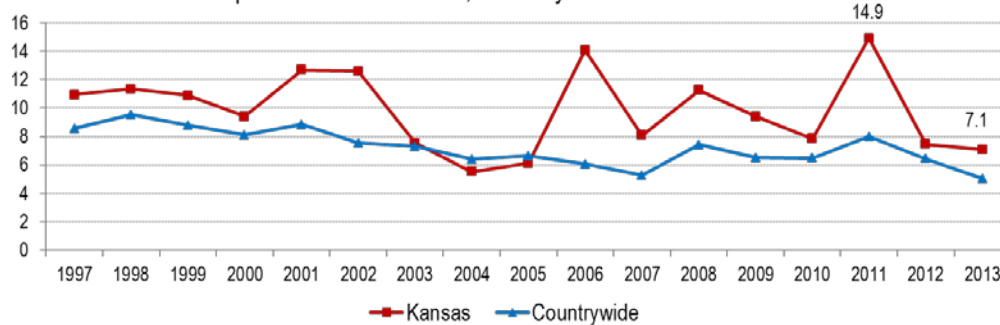
Figure 1
Homeowners Insurance Claim Trends
Average Claim Payment per Insured Home, All Policy Forms Combined
Kansas



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

- In 2011, homeowners insurance companies paid on average \$1,362 in claim payments for every insured home in Kansas—more than twice the \$625 paid on average countrywide. In 2012, insurers paid \$596 on average per insured home in Kansas—19 percent more than the countrywide average of \$501.
- In 2011, 75 percent of all homeowners claim payments in Kansas were attributed to catastrophe events. For the 8-year period 2006-2013, 53 percent of all claim payments in Kansas were attributed to catastrophes. In the preceding 9 years (1997-2005), catastrophe events accounted for approximately 39 percent of all claim payments.

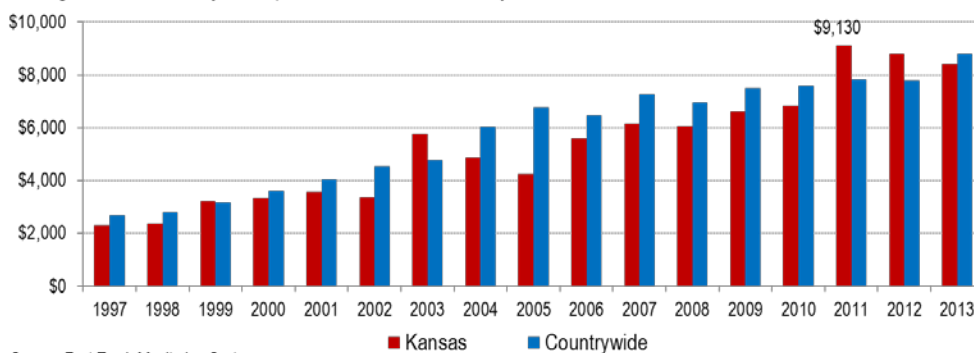
Figure 2
Homeowners Insurance Claim Frequency
Number of Claims Paid per 100 Insured Homes, All Policy Forms Combined



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.
- Claim frequency in Kansas was highly volatile over the 17-year period examined—ranging from a low of 5.5 paid claims per 100 insured homes in 2004, to a high of 14.9 claims in 2011. In 2013, homeowners claim frequency in Kansas was at its lowest level (7.1) since 2005.
- The extreme volatility of homeowners insurance claim frequency in Kansas over the 17-year period examined was due almost entirely to catastrophe-related experience.

Figure 3
Homeowners Insurance Claim Severity
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 Kansas grew from \$2,290 in 1997 to \$9,130 in 2011, then fell to \$8,426 in 2013. Over the 17-year period examined, average claim severity in Kansas increased at an annualized rate of 9.5 percent—more than three times the annualized rate of inflation (2.4%).
- 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.