

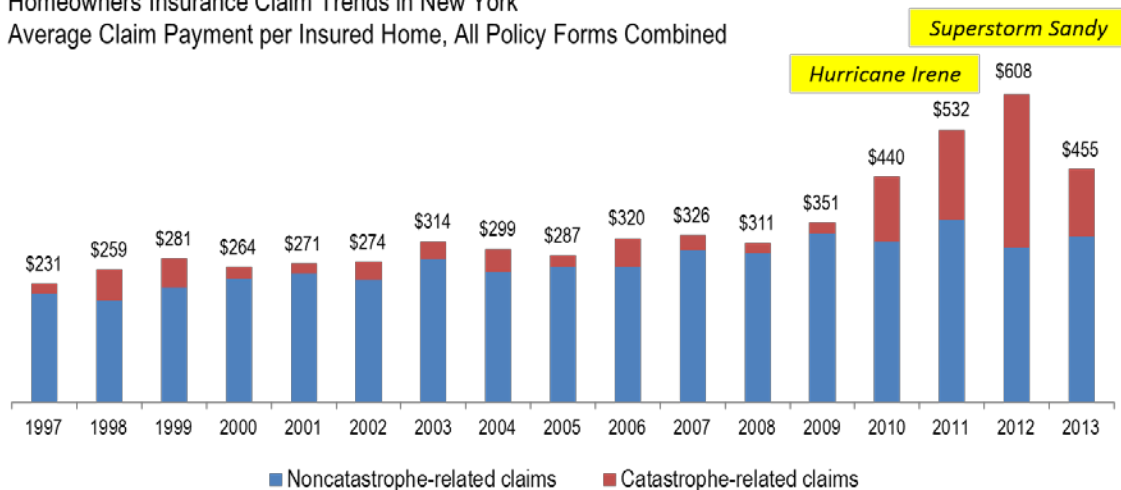


Trends in Homeowners Insurance Claims

Findings from New York

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

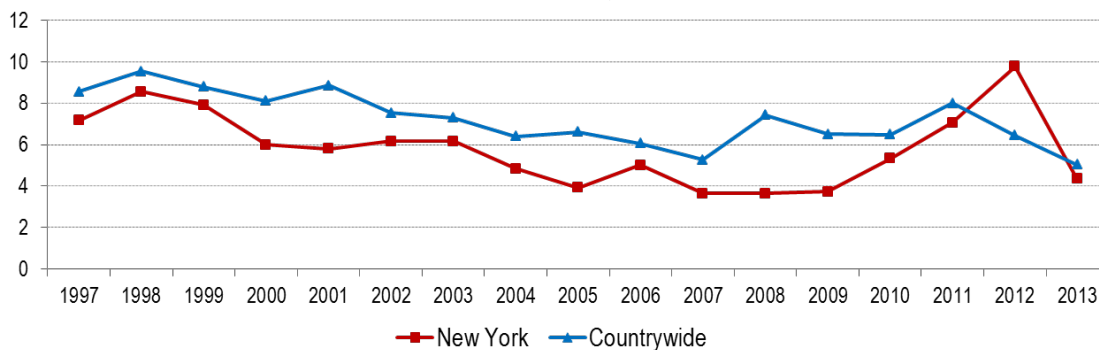
Figure 1
Homeowners Insurance Claim Trends in New York
Average Claim Payment per Insured Home, All Policy Forms Combined



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

- In 2012, homeowners insurance companies in New York paid on average \$608 in claim payments for every insured home in the state—21 percent more than the \$501 paid on average countrywide. In 2013, insurers paid \$455 per insured home in the state—slightly greater than the countrywide average payment of \$442.
- Homeowners insurance claim payments per insured home in New York were dramatically higher in the last four years of the 17-year study period than in the previous 13 years. From 2010-2013, payments per insured home averaged \$509. In contrast, for the period 1997-2009, payments per insured home in New York averaged \$291. Countrywide, over the same period, claim payments per insured home averaged \$363.
- Much of the volatility in homeowners claim payments per insured home in New York was attributable to claims insurance companies associated with catastrophic events. For the period 2010-2013, catastrophe-related claim payments accounted for 35 percent of all claim payments. During the previous 13 years, 1997-2009, catastrophe-related claim payments accounted for 12 percent of all homeowners insurance claim payments.

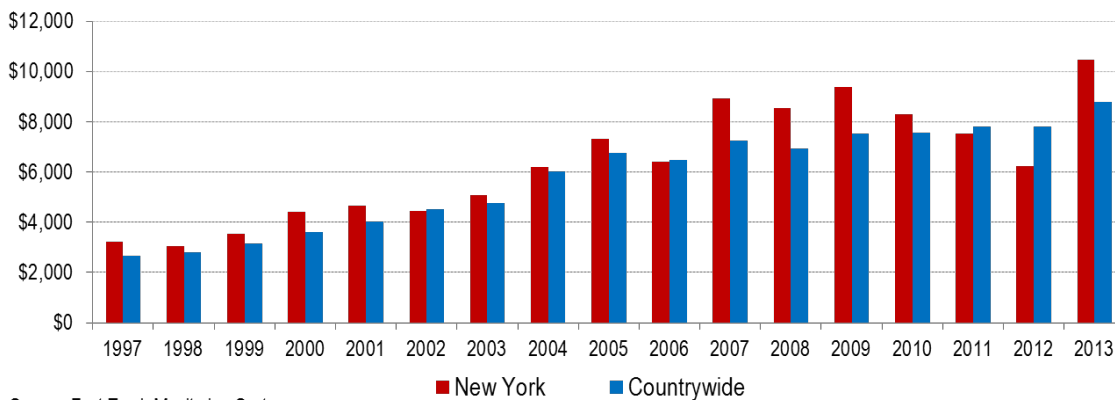
Figure 2
Homeowners Insurance Claim Frequency in New York
Number of Claims Paid per 100 Insured Homes, All Policy Forms Combined



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 New York was on a general decline until 2010 when frequency jumped to 5.3, then to 7.1 in 2011, and finally to 9.8 in 2012. By 2013, claim frequency had fallen to 4.3, slightly below the countrywide average rate of 5.0. In every year except 2012, the claim frequency rate for homeowners insurance in New York was lower than the rate countrywide.

Figure 3
Homeowners Insurance Claim Severity in New York
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 New York grew from \$3,224 in 1997 to \$10,479 in 2013—an annualized average increase of 7.2 percent per year. Over the same period, inflation averaged 2.4 percent per year. Average claim severity in New York was greater than the countrywide average in 13 of the 17 years studied, and in 2013 was 19 percent greater than the countrywide average of \$8,787.
- 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.