

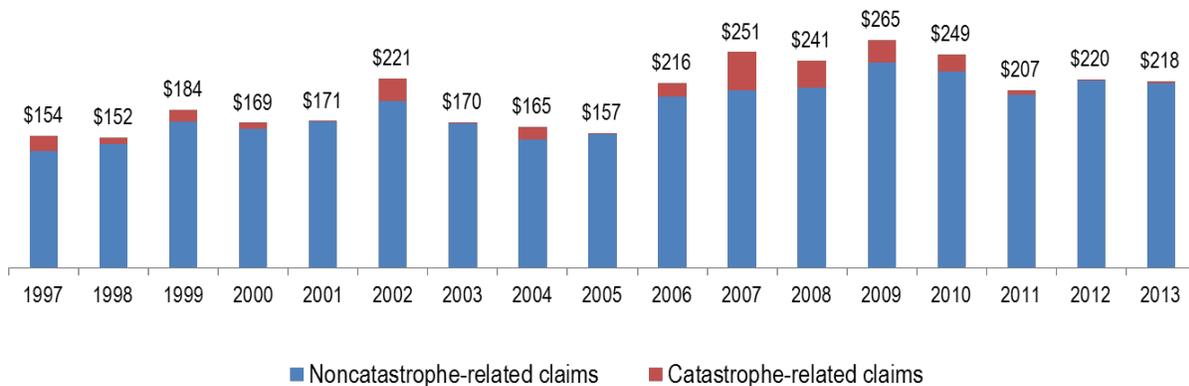


Trends in Homeowners Insurance Claims

Findings from Oregon

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

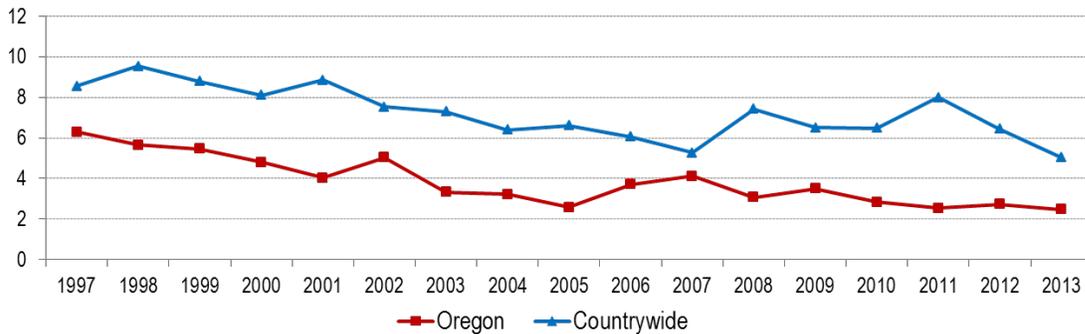
Figure 1
Homeowners Insurance Claim Trends in Oregon
Average Claim Payment per Insured Home, All Policy Forms Combined



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

- In 2013, homeowners insurance companies paid on average \$218 in claim payments for every insured home in Oregon—approximately 51 percent less than the \$442 paid on average countrywide.
- Average claim payments per insured home in Oregon were consistently below countrywide averages over the entire 17-year study period. Lower claim payments in Oregon are due primarily to the absence of severe weather conditions in the state.
- In most years, catastrophe-related claims represented less than 10 percent of all claim payments in the Oregon. The most significant year for catastrophe experience was 2007, when 18 percent of all claim payments in the state were catastrophe-related.

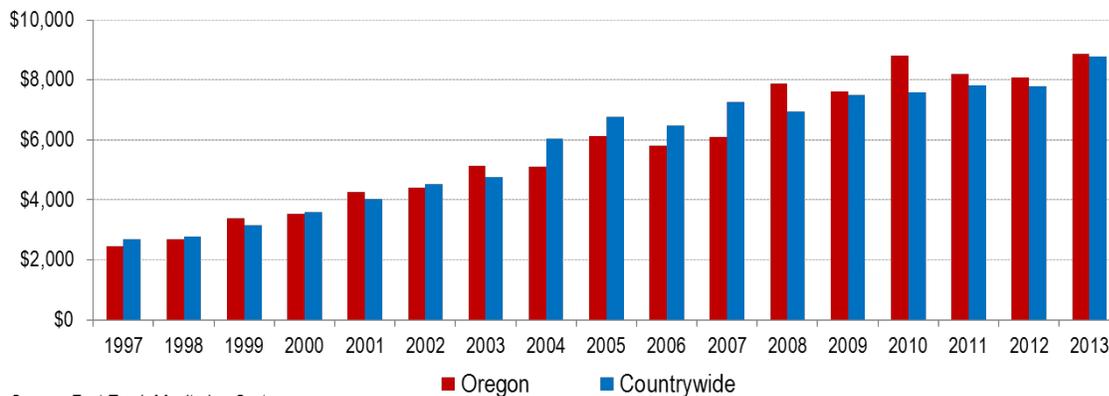
Figure 2
Homeowners Insurance Claim Frequency in Oregon
Number of Claims Paid per 100 Insured Homes, All Policy Forms Combined



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 Oregon was on a general decline over much of the study period and was well below the countrywide average. In 2013, 2.5 claims were paid for every 100 insured homes in the state. Countrywide, approximately 5 claims were paid for every 100 insured homes. Oregon's low claim frequency rate is the primary reason why average claim payments per insured home, shown in Figure 1, are well below average.

Figure 3
Homeowners Insurance Claim Severity in Oregon
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.
- While homeowners insurance claim frequency in Oregon was much lower than in most of the country, claim severity was very similar to the countrywide average and followed a similar trend over the 17-year study period. In 2013, average claim severity in Oregon was \$8,873, which was slightly higher than the countrywide average of \$8,787. Claim severity grew at an average annualized rate in Oregon of 8.6 percent, compared with 7.8 percent annualized countrywide. Inflation averaged 2.4 percent per year over the 17-year study period.
- 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.