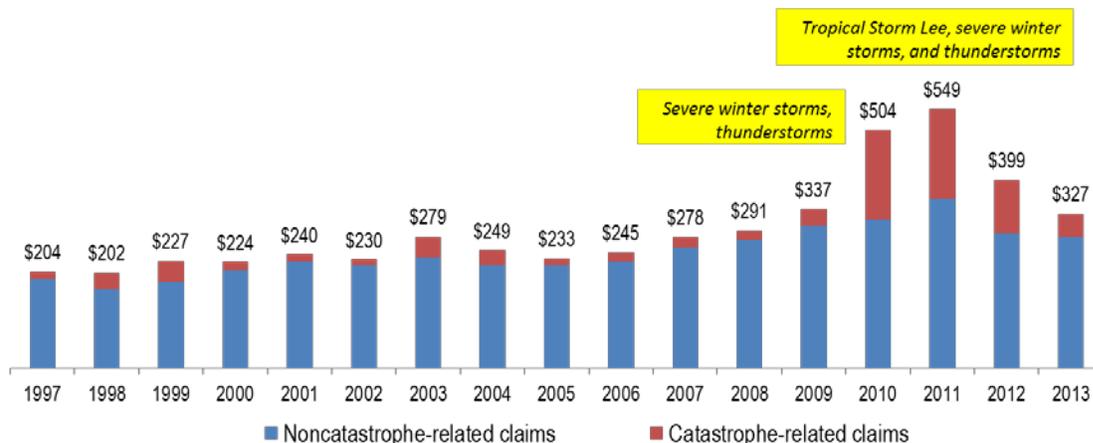




Trends in Homeowners Insurance Claims *Findings from Pennsylvania*

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

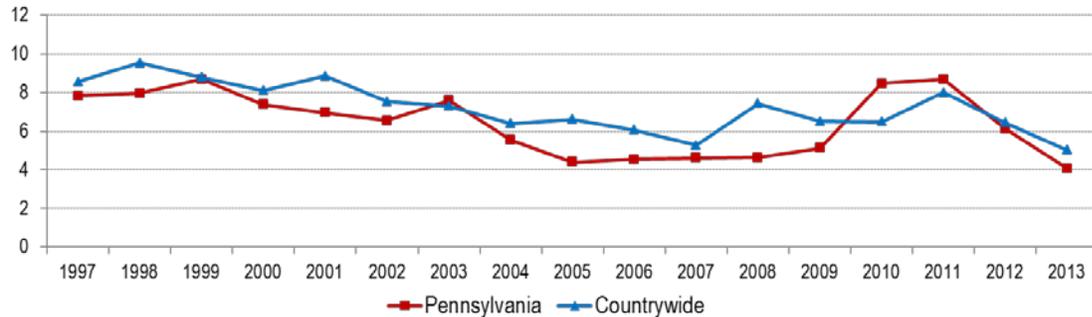
Figure 1
Homeowners Insurance Claim Trends in Pennsylvania
Average Claim Payment per Insured Home, All Policy Forms Combined



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

- In 2013, homeowners insurance companies paid on average \$327 in claim payments for every insured home in Pennsylvania—26 percent less than the \$442 paid on average countrywide.
- Pennsylvania experienced particularly high average claim payments per insured home in 2011, when Tropical Storm Lee and other weather events pushed average claim payments to \$549 per insured home. Although higher than normal for Pennsylvania, the 2011 experience was still 12 percent less than the countrywide average of \$625 per insured home.

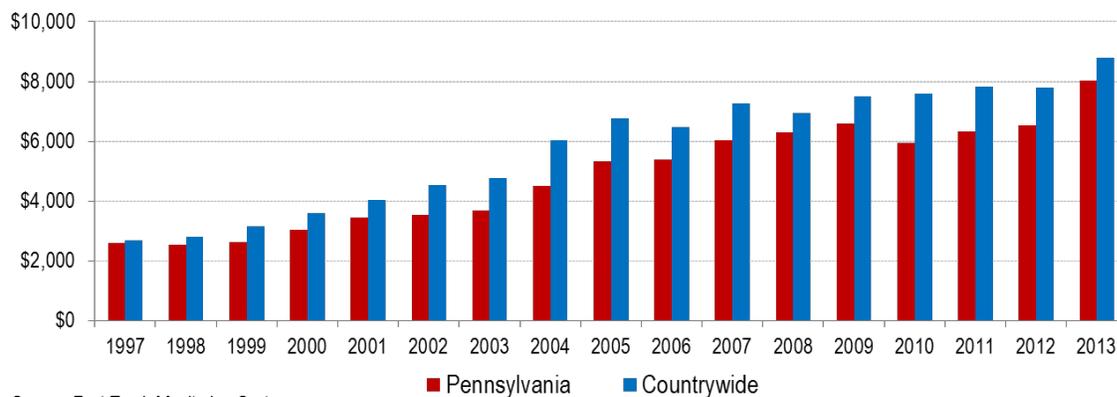
Figure 2
Homeowners Insurance Claim Frequency in Pennsylvania
Number of Claims Paid per 100 Insured Homes, All Policy Forms Combined



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.
- The claim frequency rate in Pennsylvania was 4.07 in 2013—19 percent less than the 5.03 claim frequency rate countrywide. Over the 17-year study period, the claim frequency rate in Pennsylvania was higher than the countrywide claim frequency rate only three times—2003, 2010, and 2011.

Figure 3
Homeowners Insurance Claim Severity in Pennsylvania
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 Pennsylvania grew from \$2,604 in 1997 to \$8,018 in 2013—an annualized increase of 7.9 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. Despite the slightly higher rate of increase in claim severity in Pennsylvania, claim severity in Pennsylvania was lower than claim severity countrywide in every year of the 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.