

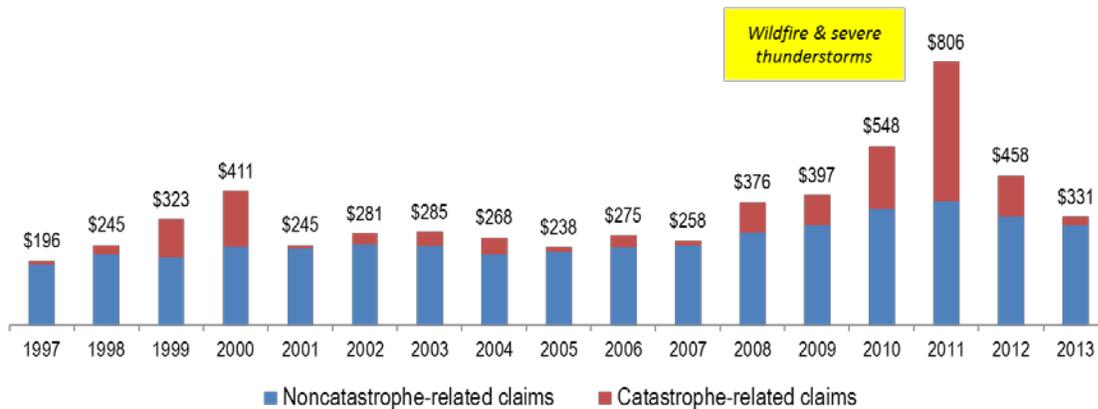


Trends in Homeowners Insurance Claims

Findings from South Carolina

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

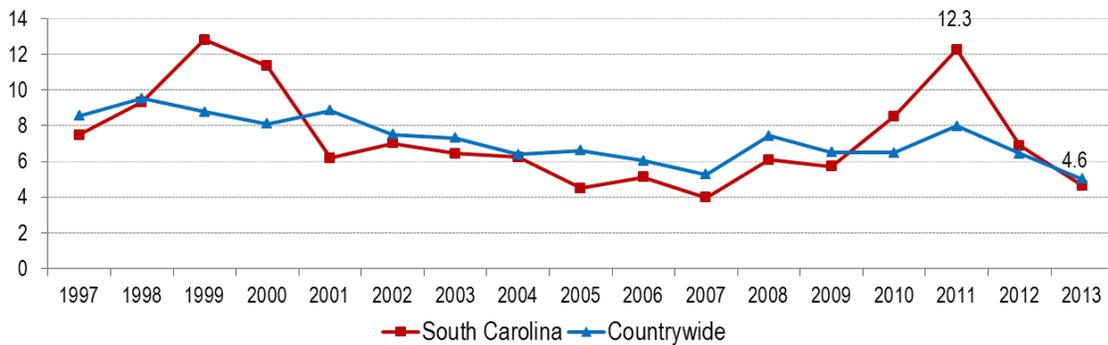
Figure 1
Homeowners Insurance Claim Trends in South Carolina
Average Claim Payment per Insured Home, All Policy Forms Combined



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

- In 2011, homeowners insurance companies paid on average \$806 in claims for every insured home in South Carolina—29 percent more than the \$625 paid on average countrywide. In 2013, insurers paid \$331 per insured home in South Carolina—25 percent less than the countrywide average of \$442.
- In all but 4 of the 17 years examined (1999, 2000, 2010 and 2011), average claim payments per insured home in South Carolina were less than the countrywide average.
- Higher than average claim costs were typically due to increases in the claim payments related to catastrophe events. In 2011, for example, more than half (53 percent) of all homeowners claim payments were for claims related to wildfires and severe thunderstorms.

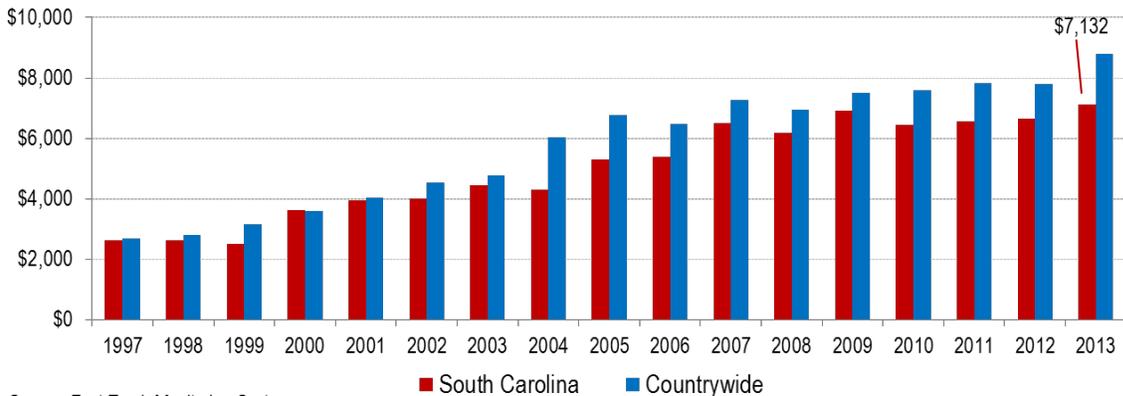
Figure 2
 Homeowners Insurance Claim Frequency in South Carolina
 Number of Claims Paid per 100 Insured Homes, All Policy Forms Combined



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 South Carolina was on a general decline until 2008 when frequency turned upward—ultimately reaching 12.3 paid claims per 100 insured homes. After 2011, the claim frequency rate in South Carolina began to subside, and in 2013 it was close to the countrywide average rate.
- The extreme volatility of homeowners insurance claim frequency in South Carolina over the 17-year period examined was due almost entirely to catastrophe-related experience.

Figure 3
 Homeowners Insurance Claim Severity in South Carolina
 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 South Carolina grew from \$2,618 in 1997 to \$7,132 in 2013—an annualized increase of 6.5 percent per year. Over 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.