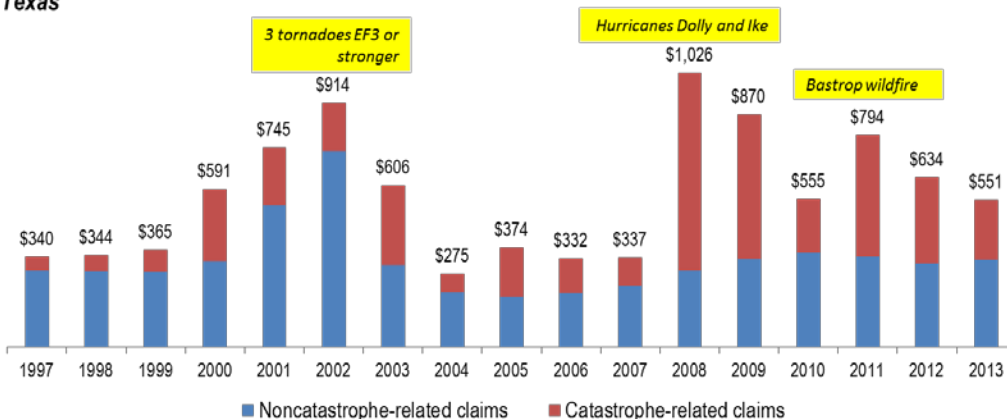


## Trends in Homeowners Insurance Claims

### Findings from Texas

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

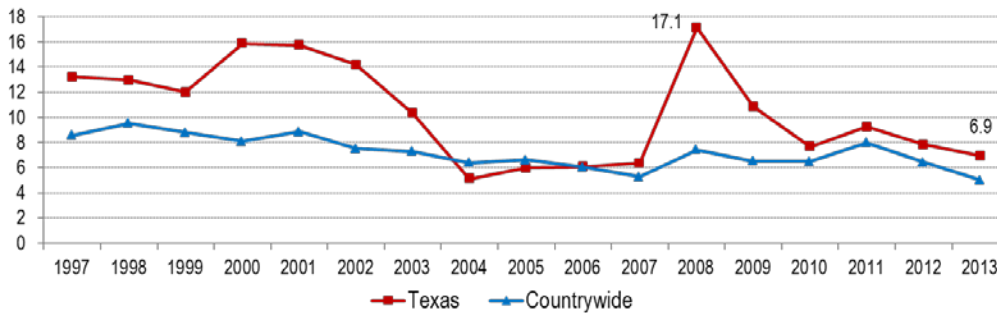
Figure 1  
Homeowners Insurance Claim Trends  
Average Claim Payment per Insured Home, All Policy Forms Combined  
Texas



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

- In 2013, homeowners insurance companies paid on average \$551 in claim payments for every insured home in Texas—25 percent more than the \$442 paid on average countrywide. In 2011, insurers paid \$794 on average per insured home in Texas—27 percent more than the countrywide average of \$625. In 2008, insurers paid \$1,026 per insured home in Texas—almost twice the countrywide average payment of \$516.
- Texas experienced particularly high average claim payments per insured home from 2008-2013. During this period claim payments per insured home averaged \$738. Another period of high claim payments was 2000-2003, when claim payments per insured home averaged \$714.
- Much of the increase in claim payments from 2008-2013 was due to an increase in catastrophe-related experience. During this period, catastrophe experience accounted for approximately 53 percent of all homeowners claim payments in Texas. During the previous 11 years, catastrophe-related experience accounted for approximately 31 percent of all claim payments in the state.

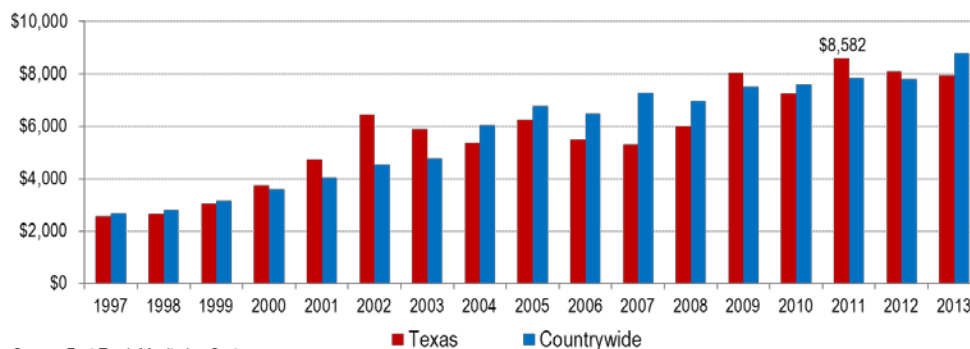
Figure 2  
Homeowners Insurance Claim Frequency  
Number of Claims Paid per 100 Insured Homes, All Policy Forms Combined



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.
- Homeowners claim frequency in Texas was higher than the countrywide average in all but two of the 17 years examined. In 2008, there were 17 paid claims for every 100 insured homes—more than twice the number countrywide (7.4). In 2013, there were 6.9 paid claims per 100 insured homes in Texas—approximately 38 percent more than countrywide.
- The volatility of homeowners insurance claim frequency in Texas over the 17-year period examined was due primarily 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 Texas grew from \$2,570 in 1997 to \$8,582 in 2011, then fell in 2013 to \$7,947. Over the entire 17-year period examined, average claim severity increased at an annualized rate of 6.9 percent—more than twice the general rate of inflation, which was 2.4 percent.
- The rapid 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.