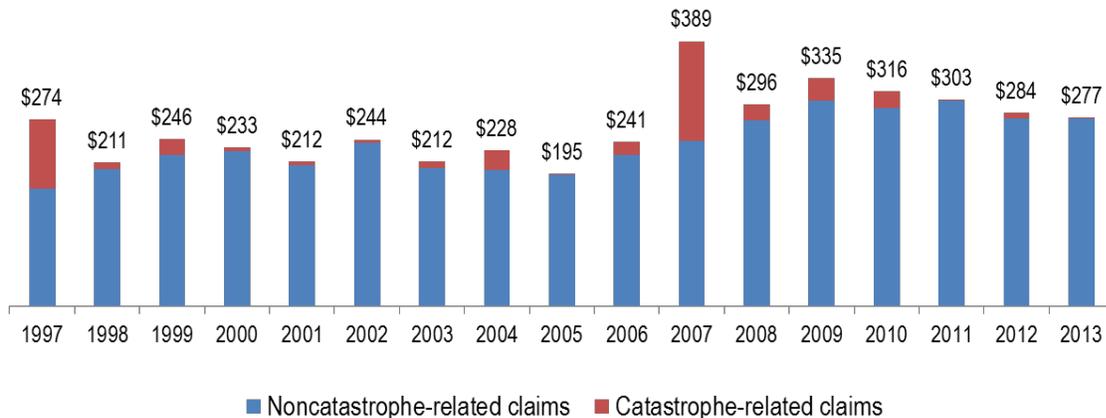




Trends in Homeowners Insurance Claims *Findings from Washington*

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

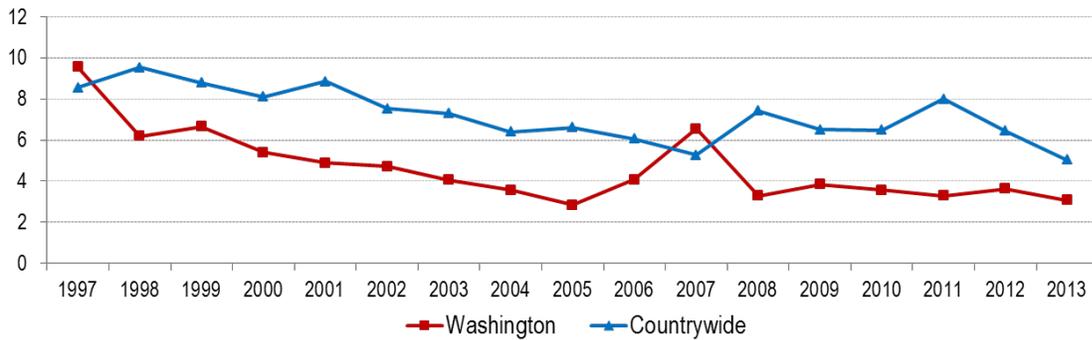
Figure 1
Homeowners Insurance Claim Trends in Washington
Average Claim Payment per Insured Home, All Policy Forms Combined



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

- In 2013, homeowners insurance companies paid on average \$277 in claim payments for every insured home in Washington—37 percent less than the \$442 paid on average countrywide.
- Washington experienced particularly high average claim payments per insured home in 2007, when severe Pacific storms pushed average claim payments to \$389 per insured home. Although higher than normal for Washington, the 2007 experience was only slightly higher than the countrywide average of \$382 per insured home.

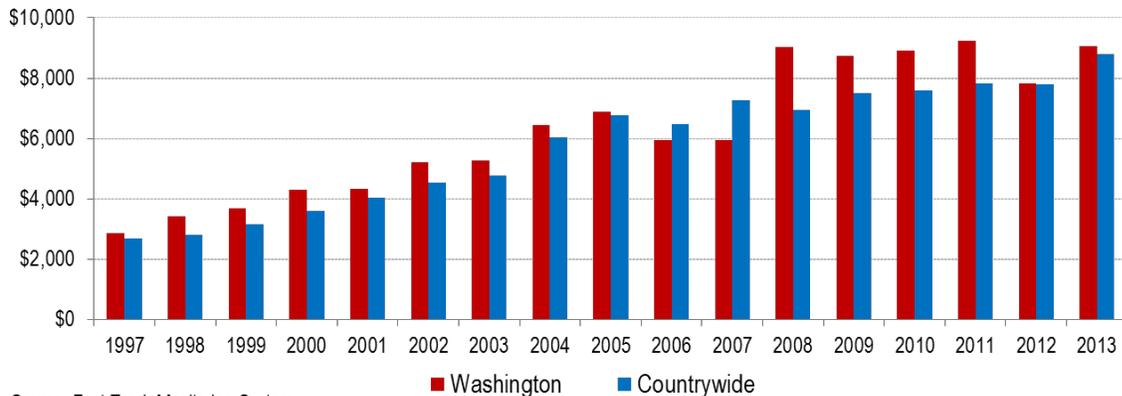
Figure 2
 Homeowners Insurance Claim Frequency in Washington
 Number of Claims Paid per 100 Insured Homes, All Policy Forms Combined



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 Washington was on a general decline until 2007 when frequency jumped to 4.1 and then to 6.6 in 2008, due primarily to major Pacific storms. Countrywide claim frequency in 2007 was 5.3. Over most of the study period, claim frequency in Washington was significantly less than claim frequency countrywide.

Figure 3
 Homeowners Insurance Claim Severity in Washington
 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 Washington grew from \$2,869 in 1997 to \$9,045 in 2013—an annualized increase of 7.4 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. Average claim severity in Washington was higher than the countrywide average every year but 2 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.