

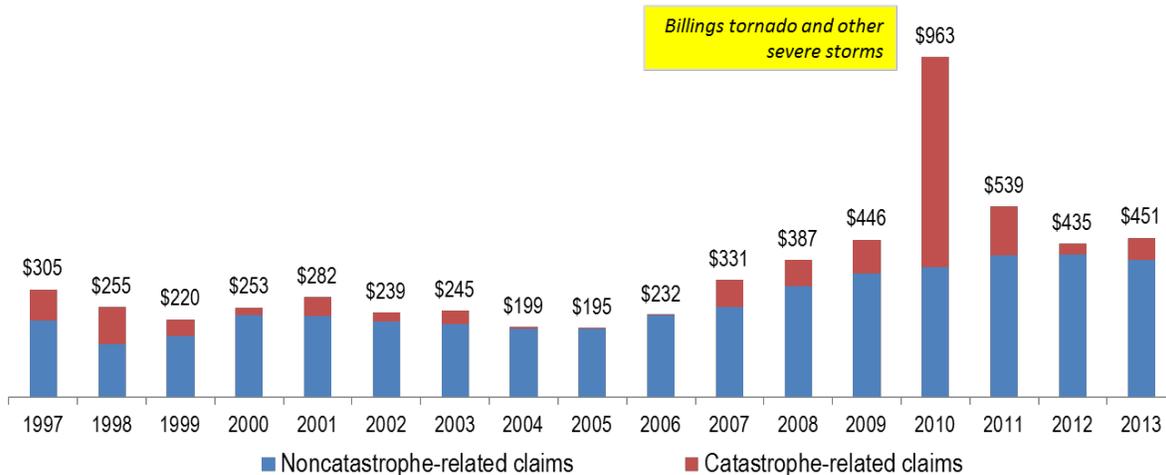


## Trends in Homeowners Insurance Claims

### Findings from Montana

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

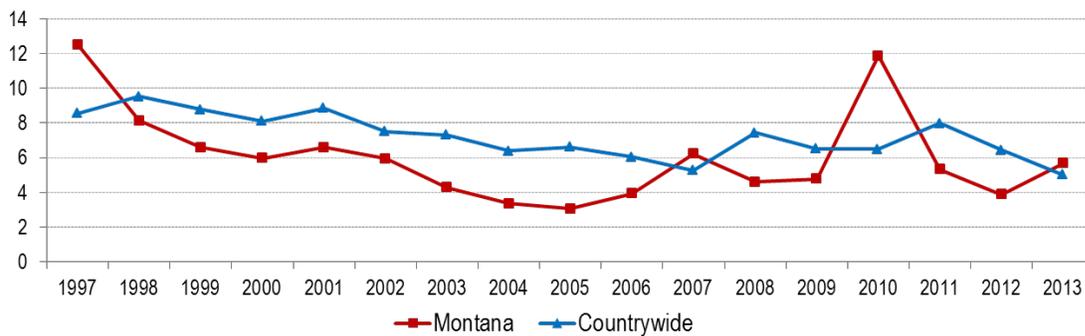
Figure 1  
Homeowners Insurance Claim Trends in Montana  
Average Claim Payment per Insured Home, All Policy Forms Combined



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

- In 2010, homeowners insurance companies paid on average \$963 in claim payments for every insured home in Montana—96 percent more than the \$491 paid on average countrywide.
- 2010 was one of only 3 years over the 17-year study period when the average payment per insured home in Montana exceeded the average payment countrywide. The other years were 1997 and 2013.
- In most years, claim payments related to catastrophe events accounted for a relatively small portion of all claim payments. In 2010, however, catastrophe events, including the Billings tornado and other severe storms, accounted for 62 percent of total claim payments.

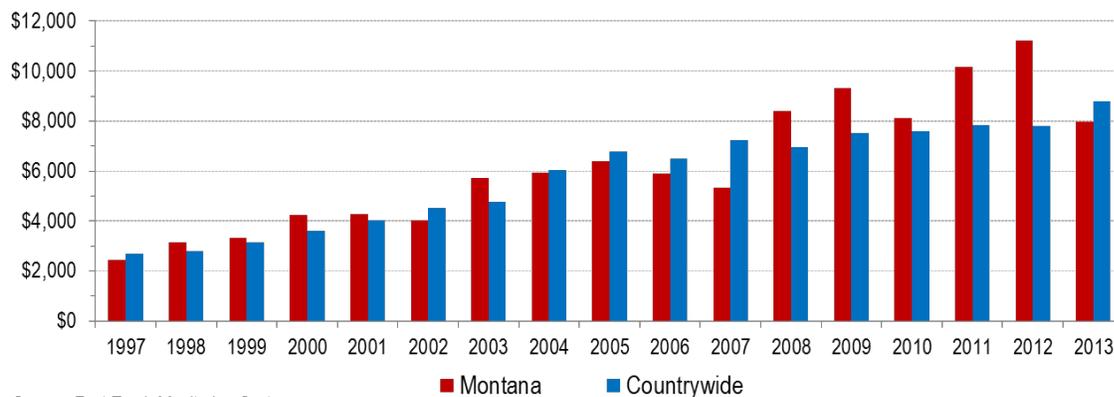
Figure 2  
Homeowners Insurance Claim Frequency in Montana  
Number of Claims Paid per 100 Insured Homes, All Policy Forms Combined



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.
- Over most of the 17-year study period, homeowners insurance claim frequency in Montana was lower than the countrywide average rate. Years of exceptionally high claim frequency were 1997 and 2010. In 2010, Montana's claim frequency rate was 11.9—almost twice the countrywide rate of 6.5.

Figure 3  
Homeowners Insurance Claim Severity in Montana  
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 Montana grew from \$2,434 in 1997 to \$11,239 in 2012, before falling to \$7,969 in 2013. Over the 17-year study period, claim severity in Montana grew at an annualized rate of 7.8 percent. Average claim severity countrywide also grew at an annualized rate of 7.8 percent per year, while inflation averaged 2.4 percent per year. Average claim severity in Montana was higher than the countrywide average in 10 of the 17 years studied.
- 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.