

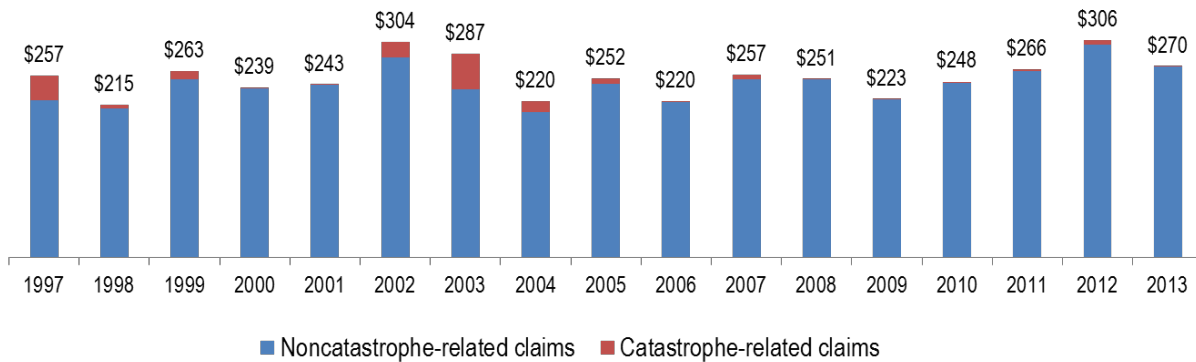


Trends in Homeowners Insurance Claims

Findings from Nevada

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

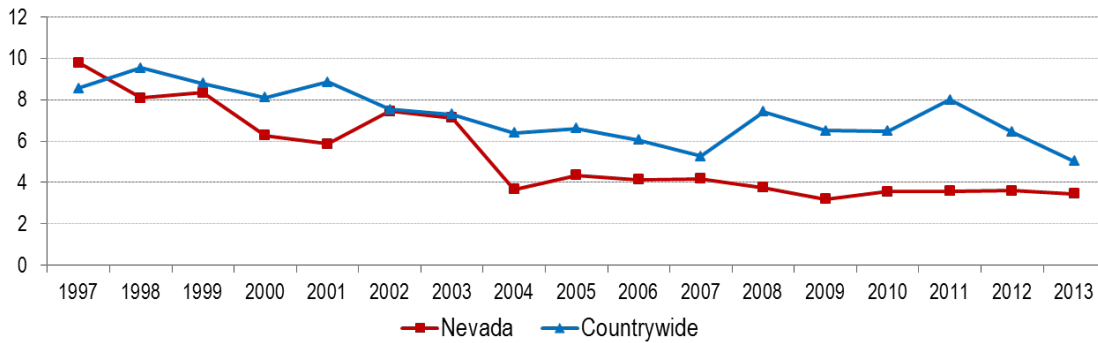
Figure 1
Homeowners Insurance Claim Trends in Nevada
Average Claim Payment per Insured Home, All Policy Forms Combined



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

- In 2013, homeowners insurance companies paid on average \$270 in claim payments for every insured home in Nevada—39 percent less than the \$442 paid on average per insured home countrywide.
- Over the 17-year study period, average claim payments per insured home in Nevada were lower than the countrywide average every year except 1997. Unlike in many states, claim payments attributed to catastrophe events by insurers represented a very small percentage of total claim payments in Nevada. Catastrophe-related claims accounted for 17 percent of total payments in 2003.

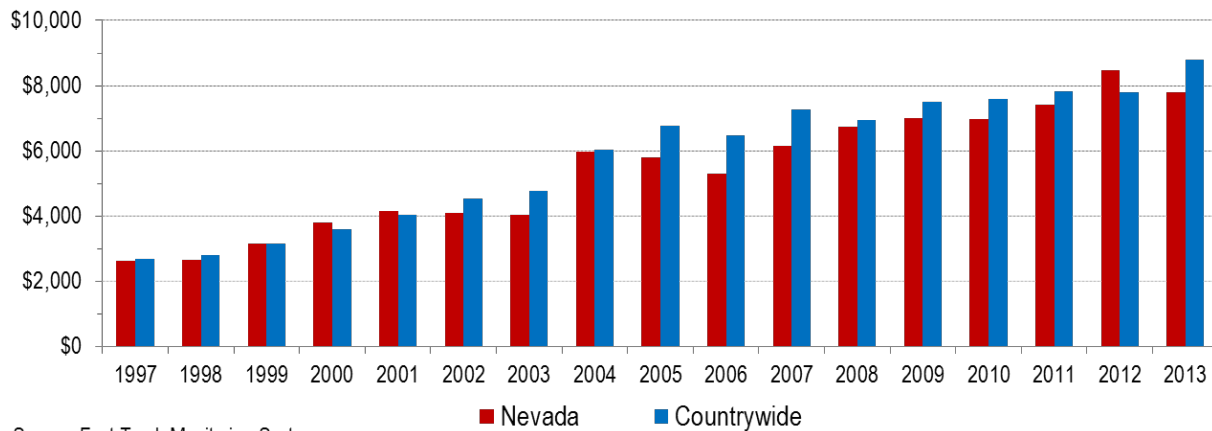
Figure 2
 Homeowners Insurance Claim Frequency in Nevada
 Number of Claims Paid per 100 Insured Homes, All Policy Forms Combined



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 insurance claim frequency in Nevada was on a general decline until 2005, when the trend stabilized. Since 2005, the claim frequency rate in Nevada has declined slightly or remained unchanged. The claim frequency rate in Nevada was lower than the countrywide claim frequency rate every year except 1997.

Figure 3
 Homeowners Insurance Claim Severity in Nevada
 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 Nevada grew from \$2,623 in 1997 to \$8,479 in 2012, before falling to \$7,786 in 2013. Claim severity in Nevada grew at an annualized increase of 7.6 percent per year over the 17-year study period. Countrywide average claim severity grew at an annualized rate of 7.8 percent per year, and inflation averaged 2.4 percent per year, over the same 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.