

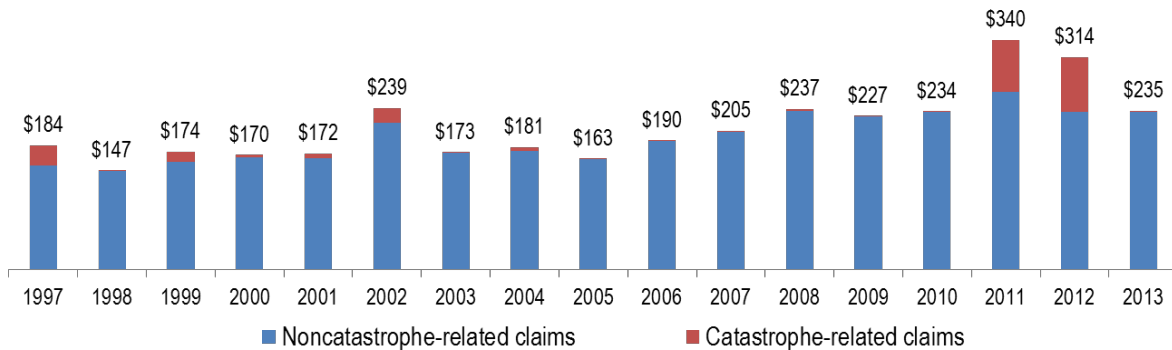


Trends in Homeowners Insurance Claims

Findings from Utah

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

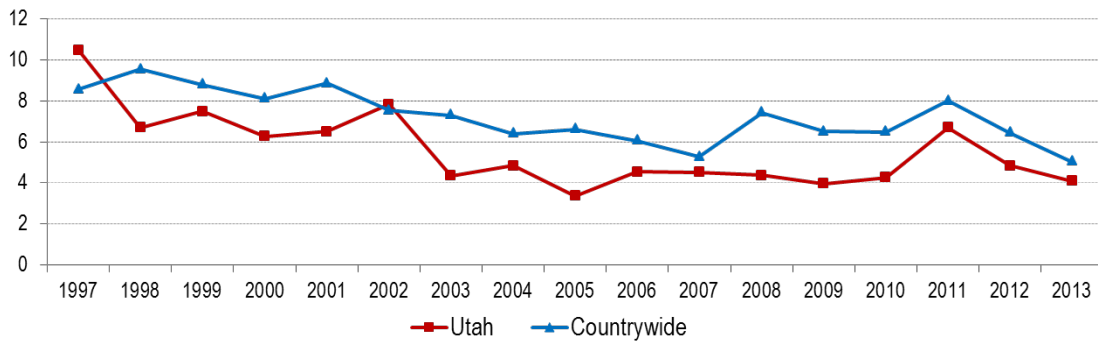
Figure 1
Homeowners Insurance Claim Trends in Utah
Average Claim Payment per Insured Home, All Policy Forms Combined



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

- In 2011, homeowners insurance companies paid on average \$340 in claim payments for every insured home in Utah—46 percent less than the \$625 paid on average countrywide. Average payments per insured home in Utah declined to \$235 in 2013—47 percent less than the countrywide average of \$442.
- Average claim payments per insured home in Utah were lower than the countrywide average payment every year of the 17-year study period.
- In 2011 and 2012, claim payments attributed to catastrophe events by reporting insurers accounted for 23 percent and 26 percent of total claim payments. In most other years, catastrophe-related claim payments in Utah were negligible.

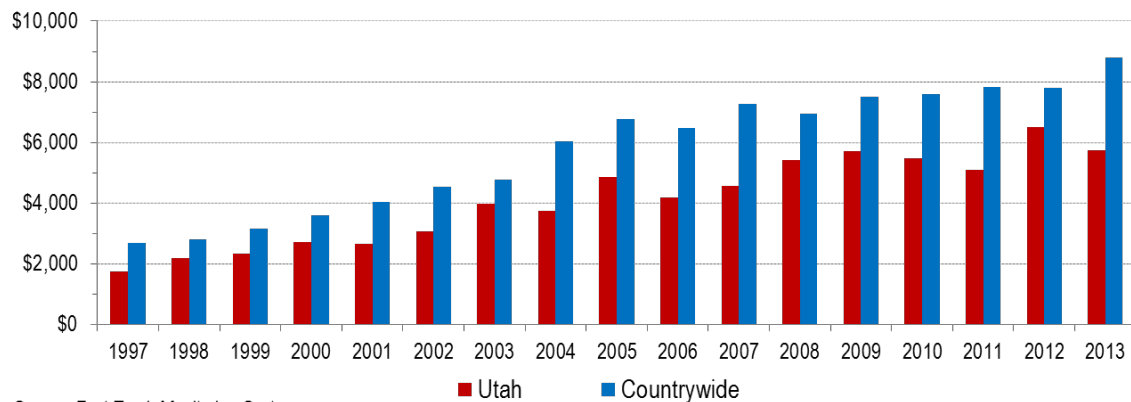
Figure 2
 Homeowners Insurance Claim Frequency in Utah
 Number of Claims Paid per 100 Insured Homes, All Policy Forms Combined



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 Utah was lower than claim frequency countrywide every year except 1997 and 2002. Over the 17-year period, the claim frequency rate in Utah averaged approximately 22 percent less than the countrywide average rate.

Figure 3
 Homeowners Insurance Claim Severity in Utah
 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 Utah grew from \$1,754 in 1997 to \$5,752 in 2013. Although claim severity in Utah averaged about 29 percent less than countrywide claim severity over the entire 17-year study period, severity in Utah increased slightly faster than claim severity countrywide. The annualized average increase in Utah was 7.9 percent. Average claim severity countrywide grew at an annualized rate of 7.8 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.