

# Trends in Homeowners Insurance Claims: 2001–2021

Over the past two decades, the average cost of claims per insured home in the United States has increased at a rate that outpaced inflation. A combination of natural catastrophes and human-made disasters, increases in the cost of repair homes, and ongoing population migration into disaster-prone areas is driving the trend. Carriers also continue to grapple with the threat of insurance fraud and claim abuse that follow catastrophe and disaster events. These trends have significantly reduced profitability and led a number of major insurers to shrink their capacity in some U.S. states or leave the homeowners market entirely.

This report uses data from the Fast Track Monitoring System to examine homeowners insurance claim frequency, severity, and loss cost trends over two decades, from 2001 through 2021. The report first reviews countrywide trends for all claim types and policy forms combined; then by catastrophe- and non-catastrophe- related claims; and finally, by policy form. The report also examines the state-level data, including comparisons between each state and the overall U.S. results for claim frequency and severity.

## Key findings:

- Countrywide average loss costs (average claim payment per insured home) increased throughout the past two decades and rose by 9 percent in 2021.
- Claim severity is increasing, while claim frequency is declining—in part because of widespread adoption of higher policyholder deductibles, including percentage deductibles for specified perils, and premium surcharge programs designed to reduce the number of lower-cost claims.
- Catastrophe losses are playing an increasing role because of natural disaster trends and the methods used to define and categorize catastrophe claims.
- Average loss costs for claims vary widely by state. States with the highest loss costs are Louisiana and Mississippi; states with the lowest are Hawaii and Maine.
- States with the highest claim frequency over the period include Louisiana, Mississippi, and Oklahoma. States with the highest severity include California, Alaska, and Florida.

