

(Updated 7/14)

(UPDATED) Ohio auto and homeowners insurance expenditures remain below US average

Despite increases in the cost of coverage, the Ohio Insurance Institute (OII) reports that affordable auto and homeowners premiums remain a mainstay for most Ohioans. Even with these increases, the cost of coverage in Ohio remains considerably lower than in most other states. The Buckeye state ranks 6th lowest in the US in homeowners insurance and 10th lowest in auto insurance, based on average insurance premium expenditures.

About this report

This report was updated in July 2014. OII updates its trend report regularly to help consumers understand Ohio's current insurance environment and the factors affecting it.

This update reflects Ohio's 2013 auto (<http://bit.ly/1kEmRZK>) and homeowners (<http://bit.ly/1tnB6eT>) insurance premium rate changes released in July 2014 by the Ohio Department of Insurance (ODI) and 2011 homeowners and auto insurance expenditure information from the National Association of Insurance Commissioners (NAIC) released in December 2013.

The Ohio Insurance Institute is a trade association representing insurance companies and agent groups for the property/casualty insurance industry. Its primary objective is to help Ohioans achieve a better understanding of insurance and safety issues.

HOMEOWNERS INSURANCE

NOTE: OII's data and ranking information is based on the HO-3 policy, the most commonly purchased homeowners insurance policy written. It provides coverage for direct losses from all risks except those specifically excluded from coverage, such as flooding. About 83% of the Ohio and US homeowners market is written through HO-3 policies. OII figures and/or ranking information may be slightly different than information released by the Ohio Department of Insurance (ODI). Both are correct but may use slightly different data.

- Based on 2011 data released by the National Association of Insurance Commissioners (NAIC) in December 2013, Ohioans pay \$334 less for homeowners (HO) insurance than the US average. The average 2011 Ohio homeowners insurance expenditure was \$644 compared to the US average of \$978. Ohio's average homeowners premium expenditure rose \$30 between 2010-11, while the average US premium rose \$69.
- According to the December 2013 NAIC report, Ohio's average homeowners insurance expenditure of \$644 is 6th lowest in the US. States with lower average HO expenditures are: Idaho (\$518), Oregon (\$559), Utah (\$563), Wisconsin (\$592), and Washington (\$626). The average expenditure is based on the type of coverage that most Ohio and US homeowners purchase, an HO-3 policy. For homeowners insurance expenditures by state, including rankings, go to the Insurance Information Institute (III) full report at <http://bit.ly/pbBXw7>. Ohio's previous year's ranking was 7th lowest based on 2010 NAIC data.

• The following table provides Ohio and US average homeowners insurance expenditures for 2003-14. Ohio and US figures for 2003-11 are from NAIC homeowners insurance reports. 2012-13 Ohio expenditures are estimated by the Ohio Insurance Institute based on NAIC 2011 data and the ODI rate change report through 2013 (<http://bit.ly/1tnB6eT>) showing an average increase of 7.7% by the top 10 homeowners insurers in Ohio in 2012 and 7.4% in 2013. OII's 2014 Ohio estimate is based on a 4% increase, the percentage increase projected by the Insurance Information Institute. 2012-14 US homeowners insurance figures are [estimates/forecasts by IRI](http://bit.ly/1d59nS8) (<http://bit.ly/1d59nS8>).

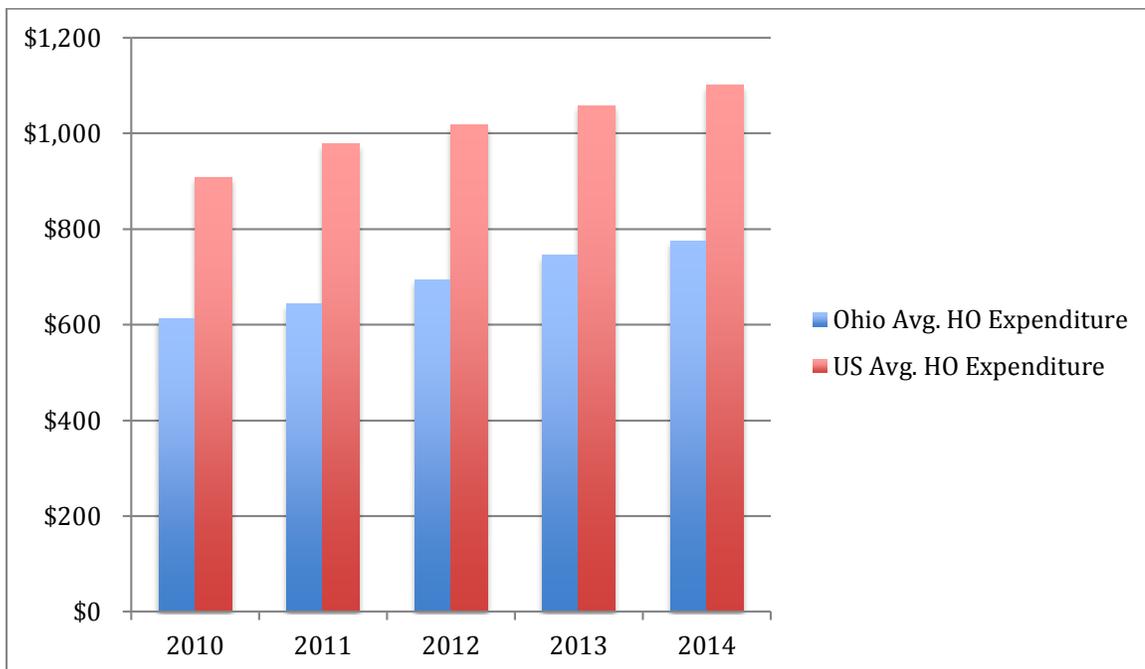
<u>Year</u>	<u>Ohio Average HO Ins. Expenditure</u>	<u>US Average HO Ins. Expenditure</u>
2003	\$476	\$668
2004	\$523	\$729
2005	\$531	\$764
2006	\$530	\$804
2007	\$540	\$822
2008	\$565	\$830
2009	\$613	\$880
2010	\$614	\$909
2011	\$644	\$978
2012	\$694 (OII estimate)	\$1,017 (IRI estimate)
2013	\$745 (OII estimate)	\$1,058 (IRI estimate)
2014	\$775 (OII estimate)	\$1,100 (IRI estimate)

• OII estimates Ohio's average homeowners insurance premium adjustments for the most recent 3-year period as follows:

- \$50 in 2012
- \$51 in 2013
- \$30 in 2014

• The following chart compares Ohio's average homeowners insurance premium expenditure to the US average for the most recent five-year period (2010-14):

2010-14 Average Homeowners Insurance Expenditure for Ohio and US



Sources:

2010-11 data: National Association of Insurance Commissioners homeowners insurance expenditure reports
 2012-14 data: Estimates from Ohio Insurance Institute and Insurance Information Institute

AUTO INSURANCE

- According to the December 2013 NAIC report, Ohioans pay \$177 less for auto insurance than the US average. The 2011 average auto insurance expenditure in Ohio was \$620 compared to the US average of \$797. Ohio's average auto insurance expenditure is 10th lowest in the country. Ohio's average auto insurance expenditure only rose 51 cents between 2010-11 according to the NAIC reports.
- The nine states with lower average auto insurance expenditures than Ohio are: Idaho (\$535), South Dakota (\$540), North Dakota (\$550), Iowa (\$553), Maine (\$577), North Carolina (\$600), Wisconsin (\$601), Nebraska (\$603) and Wyoming (\$620). NOTE: Wyoming's average expenditure for 2011 was 8 cents less than Ohio's. The average auto expenditure is an approximation of the cost of auto insurance in each state. To calculate average expenditures the NAIC assumes that all insured vehicles carry liability coverage but not necessarily collision or comprehensive coverages. The average expenditure measures what consumers actually spend for insurance per vehicle. It does not equal the sum of liability, collision and comprehensive expenditures because not all policyholders purchase all three.

Based on an analysis of 2011 NAIC data, the Insurance Information Institute (III) reports that 76% of insured drivers purchase comprehensive coverage in addition to liability insurance while 71% buy collision coverage. For auto insurance expenditures by state go to III's full report at <http://bit.ly/tb8x>.

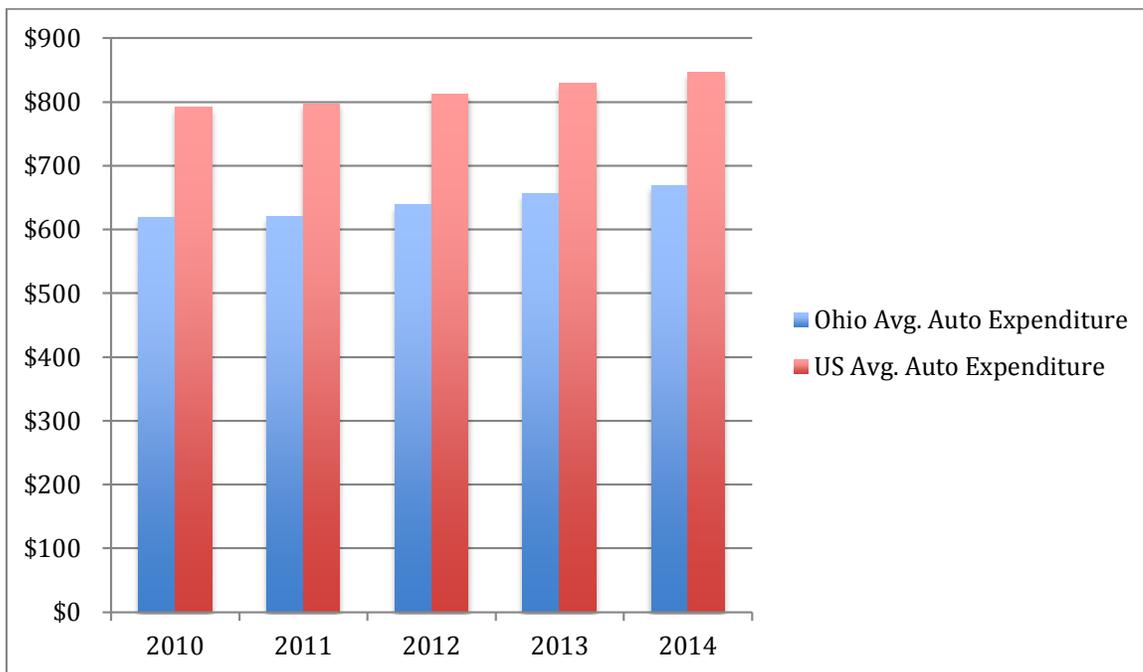
- The following table provides Ohio and US average auto insurance expenditures for 2003-14. Ohio and US figures for 2003-11 are from NAIC auto insurance reports. 2012-13 Ohio expenditures are projected by the OII based on NAIC 2011 average expenditure data and the ODI auto insurance rate change report through 2013 (<http://bit.ly/1kEmRZK>) showing a 3.1% average increase by Ohio's top 10 auto insurers in 2012 and 2.6% in 2013. OII's 2014 Ohio estimates are based on a 2% increase, the percentage increase projected by the Insurance Information Institute. 2012-14 US auto figures are [estimates/forecasts by III](http://bit.ly/1aYF0A1) (<http://bit.ly/1aYF0A1>).

<u>Year</u>	<u>Ohio Average Auto Ins. Expenditure</u>	<u>US Average Auto Ins. Expenditure</u>
2003	\$672	\$830
2004	\$680	\$842
2005	\$670	\$831
2006	\$654	\$816
2007	\$628	\$799
2008	\$617	\$791
2009	\$616	\$787
2010	\$619	\$792
2011	\$620	\$797
2012	\$639 (OII estimate)	\$813 (III estimate)
2013	\$656 (OII estimate)	\$829 (III estimate)
2014	\$669 (OII estimate)	\$846 (III estimate)

- OII estimates Ohio's average auto insurance premium adjustments for the most recent 3-year period as follows:
 - \$19 in 2012
 - \$17 in 2013
 - \$13 in 2014
- Ohio's average auto premium is less than it was 12 years ago. NAIC reported Ohio's 2003 average auto insurance expenditure was \$672. OII estimates that the average 2014 auto insurance expenditure for Ohioans is \$669.
- According to NAIC reports, Ohio's average auto insurance expenditure decreased annually from 2004-09. Between 2008-13 the top 10 Ohio auto insurance writers averaged less than a 2% increase annually (1.85%) in auto premiums during the six-year period based on 2013 ODI auto insurance rate change report (<http://bit.ly/1kEmRZK>).

- The following chart compares Ohio's average auto insurance premium expenditure to the US average for the most recent five-year period (2010-14):

2010-14 Average Auto Insurance Expenditure for Ohio and US



Sources:

2010-11 data: National Association of Insurance Commissioners auto insurance expenditure reports

2012-14 data: Estimates from Ohio Insurance Institute and Insurance Information Institute

GENERAL POINTS ABOUT OHIO INSURANCE PREMIUM TRENDS

- Not all insurance companies experience the same level or degree of losses (known as loss exposure). The range of premium rate changes reported by various companies in any given year reflects this. For example, Ohio's Top 10 writers of auto insurance reported rate changes from a -0.3% (decrease) to a 7.8% increase in 2013, according to the ODI (<http://bit.ly/1kEmRZK>). Ohio's Top 10 homeowners insurers reported premium rate adjustments from 3% to 14.2% in 2013 (<http://bit.ly/1tnB6eT>).
- Policyholders insured by the same company may also experience different premium adjustments, depending upon such factors as coverage choices, deductibles, personal claims history and company subsidiary.
- Insurers cannot raise premiums to recoup past losses but can make determinations based on future or potential risk. The number of Ohio's near or \$25-million-plus insured loss storms (includes winter storms, tornado, wind and hail losses) from 2010 through Jan. 2014 is more than the entire previous decade (2000-09). Between 2010 and early 2014 Ohio has had at least 16 storms near or over the \$25 million-loss threshold compared to 11 during the entire previous decade (2000-09). For details, see OII's [winter storm history](http://bit.ly/1eeq128) (<http://bit.ly/1eeq128>) and OII's [wind/hail storm history](http://bit.ly/1fi02x2) (<http://bit.ly/1fi02x2>).
- Ohio disaster-related insured loss estimates for the less-than five-year period of 2010-14 (through Jan. 2014) are estimated in the \$2.1-2.2 billion (in 2013 dollar figures) compared to \$2.9 billion (in 2013 dollar figures) for the previous 10-year period (2000-09).

• Ohio’s top three disasters (through January 2014) based on insured losses:

1. In September 2008, Ohio experienced the costliest natural disaster in recent history. Remnants of Hurricane Ike caused at least \$1.255 billion in insured losses in the Buckeye state (\$1.358B in 2013 dollars).
2. The second costliest disaster is the 1974 Xenia tornado outbreak, estimated at over \$1 billion in 2013 dollars.
3. Late June-early July 2012 derecho/summer storms are the third costliest series of storms from an insured loss standpoint. Statewide losses from the June derecho and subsequent early July summer storms are estimated at \$845 million (\$857.4 million in 2013 dollars) for the six-day period of June 28-July 4.

Top 10 Ohio Catastrophes (from insured losses)

Ranking based on 2013 adjusted dollar amounts (events through Jan. 2014)

Rank/Event/Date	Initial loss estimates when event occurred	Estimates in 2013 dollars
1. Hurricane Ike, September 14, 2008	\$1.255 billion	\$1.358 billion
2. Xenia tornado outbreak, Apr. 3-4, 1974	\$1 billion in 2008 dollars	\$1.1 billion
3. June-July summer storms, June 28-July 2, 2012	\$845 million	\$857.4 million
4. Spring storms, May 20-26, 2011	\$322-\$400 million	\$333.5-\$414.3 million
5. Hailstorm, June 8, 2007	\$288 million (May 2008 resurvey estimate)	\$323.6 million
6. Superstorm Sandy, Oct. 29-30, 2012	\$292 million	\$296.3 million
7. Easter hailstorm, April 20, 2003	\$230.5 million (April 2004 resurvey estimate)	\$291.8 million
8. Hail/windstorm, October 4, 2006	\$239.6 million	\$276.9 million
9. May storms, May 17, 21, 26-27, 2004	\$167 million	\$206 million
10. Blizzard of '93, March 14, 1993	\$120 million	\$193.5 million

1) Note: Based on property coverage only. Does not include flood damage or specific flood-related events, covered by the federally administered National Flood Insurance Program. In some cases these are preliminary loss estimates and should not be construed as total losses for the actual event.

2) Loss estimate sources: Ohio Insurance Institute and Property Claim Services

- Five of Ohio’s six costliest years for catastrophes from an insured loss standpoint have occurred since 2008. See the following chart:

6 Costliest Years for Ohio Insured Losses Through 2013

(Based catastrophe losses, 2013 adjusted dollar amounts)

Rank/Year	Event(s)	Initial loss estimates when event occurred	Estimates in 2013 dollars
1. 2008	Hurricane Ike	\$1.255 billion	\$1.358 billion
2. 2012	3 events (March 2, June-July summer storms, Superstorm Sandy)	\$1.15 billion	\$1.17 billion
3. 1974	Xenia tornado outbreak	\$1 billion in 2008 dollars	\$1.1 billion
4. 2011	6 events	\$567.7-\$657.9 million	\$588-\$681.4 million
5. 2010	4 events	\$118 million	\$126 million
6. 2013	2 events (July 10 and Nov. 17-18 storms)	\$110.8-138.8 million (mean = \$124.8 million)	\$110.8-138.8 million (mean = \$124.8 million)

1) Note: Based on property coverage only. Does not include flood damage or specific flood-related events, covered by the federally administered National Flood Insurance Program. In some cases these are preliminary loss estimates and should not be construed as total losses for the actual event.

2) Loss estimate sources: Ohio Insurance Institute and Property Claim Services

- Insurers submit rate filings to the Ohio Department of Insurance with actuarial justification for any proposed rate change. The ODI, as the state’s insurance regulator, reviews such filings and can deny any premium adjustment that is found to be excessive or inadequate.
- Ohio’s home and auto premiums are affordable. Consumers benefit from the hundreds of companies that provide insurance coverage in the Buckeye state. Only Illinois and Texas have more auto insurance providers than Ohio’s 660. Three states–Illinois, New York and Pennsylvania–have more writers of homeowners insurance. Ohio has 261. Competition helps keep Ohio premiums consistently lower than the US average in both home and auto.

RESOURCES & REFERENCES

- NAIC 2011 homeowners insurance report news release (Dec. 2013): <http://bit.ly/1eVmAQk>
- Homeowners insurance expenditures by state (III): <http://bit.ly/pbBXw7>
- ODI 2003-13 homeowners insurance premium rate change report: <http://bit.ly/1tnB6eT>
- Average annual US homeowners insurance expenditure 2000-14 (III): <http://bit.ly/1d59nS8>
- How to save on homeowners insurance (OII): <http://bit.ly/PbbIFJ>
- NAIC 2011 auto insurance report news release (Dec. 2013): <http://bit.ly/1dUxhAm>
- Auto insurance expenditures by state (III): <http://bit.ly/tb8x>
- ODI 2003-13 auto insurance premium rate change report: <http://bit.ly/1kEmRZK>
- Average annual US auto insurance expenditure 2000-14 (III): <http://bit.ly/1aYF0A1>
- Cost of Owning and Operating Vehicle in the US, 2013 (AAA, April 2013): <http://bit.ly/11aTS5t>
- How to save on auto insurance (OII): <http://bit.ly/UECMM8>
- OII winter storm history through January 2014: <http://bit.ly/1eeq128>
- OII wind and hail storm history through 2013: <http://bit.ly/1fi02x2>

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