



- 1** The average Colorado homeowners insurance premium was \$926 in 2010—ranking 18th highest. The average U.S. homeowners insurance premium was \$909.
- 2** In 2012, U.S. insured losses were \$57.9 billion, making it the second-costliest year for the insurance industry (after 2005) and far above the 2000 to 2011 average loss of \$27 billion (in 2012 dollars).
- 3** In 2010, Colorado property insurers paid out \$1.37 for every dollar collected in premium. In 2009, insurers paid out \$1.69 for every dollar collected.

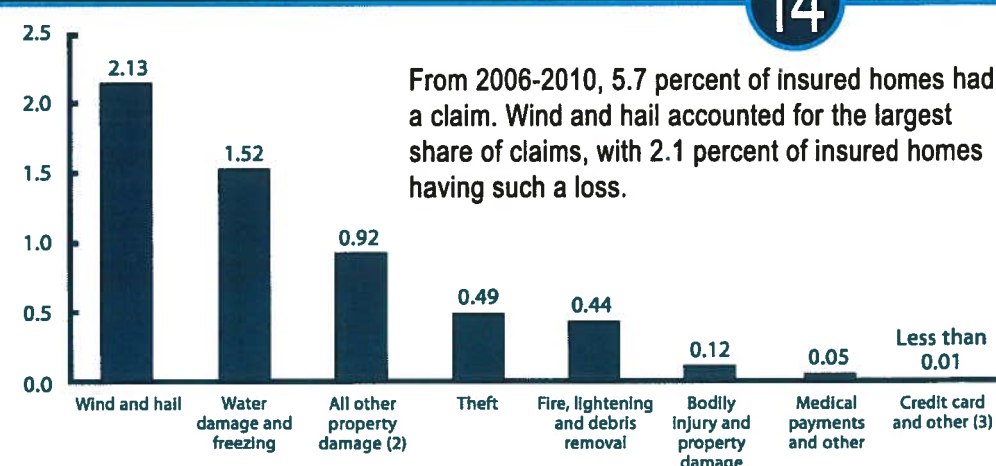
- 4** Annually, about 6 percent of insured homeowners file a claim. About 97 percent of those claims are for property damage, including theft.
- 5** Jewelry losses were the highest claim category for personal contents—for both claim cost and number of claims. Followed by electronics, furniture and apparel.
- 6** A 2012 Insurance Information Institute poll found that 96 percent of homeowners had homeowners insurance, but only 31 percent of renters had renters insurance.
- 7** Dog bites account for more than one-third of all homeowners insurance liability claims, costing nearly \$479 million annually with an average claim costing \$29,396 in 2011.
- 8** About 21,000 flood insurance policies are in force in Colorado, even though it is the most common natural disaster and up to 25 percent of claims are in lower flood risk areas.

- 9** Colorado is in the top 10 states with catastrophe-related claims. Colorado's most costly catastrophe is a \$1.1 billion hailstorm that battered the Front Range on July 11, 1990.
- 10** 2009 is ranked as Colorado's most costly catastrophe season with three major storms causing an estimated \$1.4 billion in insured losses.
- 11** Windsor, Colorado experienced a tornado and hail storm in May 2008 causing an estimated \$206.9 million in insured losses.
- 12** Colorado's 2012 wildfire season is the state's most expensive in history with insured losses totaling nearly \$450 million. The Waldo Canyon Fire in Colorado Springs is now the state's most costly wildfire with an estimated \$353 million in insured losses.
- 13** The blizzard of March 2003 was the most expensive winter storm from snow and ice damage in Colorado history. The estimated price tag was nearly \$116.7 million from more than 28,000 claims filed.

Sources: National Association of Insurance Commissioners, Insurance Services Office, Insurance Information Institute, Rocky Mountain Insurance Information Association, Insurance Research Council, Enservio.

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**15** From 2006-2010, fire, lightning, and debris removal had the most expensive average claim cost of \$31,762 with a frequency of 0.44. That compares to wind/hail average claim of \$6,476.



Category	Average Claim Cost
Wind and hail	2.13
Water damage and freezing	1.52
All other property damage (2)	0.92
Theft	0.49
Fire, lightning and debris removal	0.44
Bodily injury and property damage	0.12
Medical payments and other	0.05
Credit card and other (3)	Less than 0.01

From 2006-2010, 5.7 percent of insured homes had a claim. Wind and hail accounted for the largest share of claims, with 2.1 percent of insured homes having such a loss.

# Catastrophe Facts & Statistics

The insurance industry plays a vital role in helping individuals and businesses prepare for and recover from natural disasters that may otherwise result in families facing financial ruin and entire communities being unable to rebuild after a devastating storm or wildfire.

In 2012, U.S. insured losses were \$57.9 billion, making it the second-costliest year for the insurance industry (after 2005) and far above the 2000 to 2011 average loss of \$27 billion (in 2012 dollars).

## Colorado Catastrophe Outlook

A recent Insurance Research Council study shows that Colorado has moved into the top ten states for catastrophic property claims—with an average of 41 percent of all claims stemming from natural disasters (1997-2011). This pattern of severe storms and wildfires is causing homeowners premiums to rise to keep pace with the spike in claims and the skyrocketing costs to repair and rebuild homes.

In 2012, Colorado experienced the state's most devastating and costly wildfire season with nearly \$450 million in insured damage. Early June also added to Colorado's reputation as "hail alley" with a \$321 million hail storm tearing across the Front Range and damaging homes and cars south through El Paso County and up to the north in Larimer and Weld Counties. (*Source: RMIIA*)

In 2009, Colorado suffered its most costly storm season in the state's history totaling more than \$1.4 billion in insured losses to homes and cars. Colorado insurance companies settled more than 200,000 claims that ranged from completely rebuilding homes to replacing roofs and repairing vehicles and property. During that year alone, insurance companies paid out \$1.67 in claims for every \$1.00 paid in premium, and 64 percent of all property claims were catastrophe-related. (*Source: National Association of Insurance Commissioners & IRC*)

This demonstrates why it is critical to support a healthy, competitive insurance marketplace to benefit consumers and the economy. It also underscores the importance of insurance companies to be able to maintain strong claim reserve funds and price insurance in keeping with the dynamics of changing climate and market conditions.

## What is an Insured Catastrophe?

**A catastrophe, as defined by the insurance industry, is a natural disaster that causes a certain dollar amount, currently set at \$25 million in insured damage.** Individual insurance companies may declare a "catastrophe" based on the anticipated loss to their policyholders in the impacted area. In most cases, that means they will set up special claims processing centers, establish 24-hour emergency hotlines and send in additional, specially trained claims adjusters to the scene of the catastrophe. These "catastrophe teams" generally arrive as soon as possible and stay as long as they are needed.

Over the 20-year period, 1991 to 2010, hurricanes and tropical storms made up 44% of total catastrophe losses, followed by tornado losses (30%), winter storms (7.4%), terrorism (6.8%), earthquakes and other geologic events (5.1%), wind/hail/flood (4.1%)\* and fire (2.2%). Civil disorders, water damage and utility services disruption combined represented less than 1%. Each year about 6% of homeowners file claims. (*Source: ISO*)

*\*Does not include damage covered by the National Flood Insurance Program*

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## Rocky Mountain Region Statistics (Adjusted for inflation in today's dollars)

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