

EMBARGOED UNTIL 10 A.M. EDT, FRIDAY, JUNE 10, 2016

June 10, 2016

Contact: Russ Rader +1 703 247 1530 (office) or +1 202 257 3591 (cell)

Matt Moore +1 703 247 1600 (office) or +1 703 474 5175 (cell)

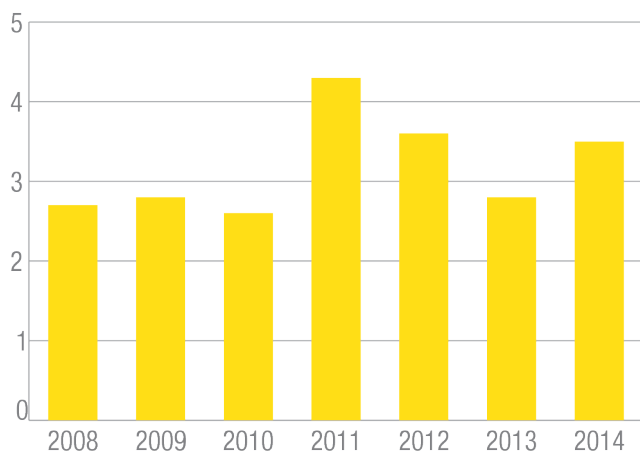
The high cost of hail: Total payouts for vehicle damage top \$7 billion for 2008-14

ARLINGTON, Va. — The spring and summertime forecast is a familiar one – severe thunderstorms with damaging winds and hail are on the way. Already in 2016, Texas in particular has been walloped by bigger-than-baseball-size hail that shattered windows, busted roofs and dinged vehicles in March and April. An updated analysis by the Highway Loss Data Institute (HLDI) of insurance losses to vehicles shows that 2011 and 2014 were the costliest years for hail-related claims in the U.S. during the 2008-14 study period, and losses were concentrated in the country's midsection.

When hail damages vehicles, any insurance claim owners file would fall under the comprehensive coverage provision of their auto insurance policies. This type of coverage insures against theft or physical damage to insured people's own vehicles that occurs for reasons other than crashes.

HLDI has been studying the frequency, severity and cost of these claims for several years. Using information from insurers about weather-related losses under comprehensive coverage, HLDI analysts matched the dates of those claims to hail events recorded by the National Oceanic and Atmospheric Administration to determine which vehicle claims were for hail damage. The analysis excluded any hail storms that accompanied tornadoes, since it isn't possible using HLDI's data to determine which weather event caused the damage that led to the claim. Motorcycle claims also were excluded.

Total frequencies for hail-related vehicle claims during 2008-14 for 10 most current model years



Hail claims data are from the 31 companies that specify weather as a cause of loss when supplying information to HLDI. These companies' exposure represents 87 percent of the comprehensive coverage exposure in HLDI's database. Results for the latest analysis were based on more than 491 million insured vehicle years and more than 1.5 million claims.

Insurers in HLDI's database paid \$5.37 billion in total hail claims for 2008-14. The biggest payouts were in 2014 (\$968.9 million) and 2011 (\$948.3 million). The actual payout by all insurers is likely higher and estimated to be \$7.26 billion (\$1.33 billion in 2014 and \$1.28 billion in 2011). This takes into account that not all companies are represented in HLDI's database and not all data suppliers submit weather information.

The results showed a frequency of 3.2 claims per 1,000 insured vehicle years during 2008-14, a claim severity of \$3,428 and overall losses of \$11 per insured vehicle year. Across the study period, 2011 had the highest claim frequency of 4.3, while 2014 had the highest claim severity at \$4,169 and overall loss at \$15 per insured vehicle year.

The states with the highest claim frequencies during 2008-14 are South Dakota (26.5), Nebraska (19.1), Oklahoma (18.4) and Kansas (16.5). Other states in the top 10, by order, are Wyoming (15.2), Montana (11.8), Colorado (10), Missouri (9.3), Iowa (7.6) and Texas (6.7).

“HLDI periodically does studies to document the effects of weather on insurance losses,” says Matt Moore, HLDI vice president. “Hail storms can be devastating events for vehicle owners. Given the recent news from Texas, as soon as the final numbers are available, we will be updating this study.” Moore adds that “2011 and 2014 were bad years for hail storms, but it looks like 2016 may be worse.”

Top 10 states with the highest hail-claim frequencies, 2008-14

South Dakota (26.5)

Nebraska (19.1)

Oklahoma (18.4)

Kansas (16.5)

Wyoming (15.2)

Montana (11.8)

Colorado (10)

Missouri (9.3)

Iowa (7.6)

Texas (6.7)

So far in 2016, severe thunderstorms have pummeled Texas, Kansas, Missouri and Oklahoma with large hailstones. Vehicle damage estimates for three springtime Texas storms alone top \$1 billion, according to the Insurance Council of Texas. Some of these losses may be due to other weather factors, such as high winds.

Although Great Plains and Midwestern states predominate HLDI’s hail claims’ list, the most extreme hail events often occur in other regions, and this was the case in 5 of the 7 years examined. While it is true that spring is prime time for destructive hail events, HLDI analysts uncovered another outlier.

The worst hailstorm in terms of insurance losses to vehicles occurred in the fall in the Southwest during the study period. Vehicle damage from the Oct. 5, 2010, Arizona storm was concentrated in three counties: Gila, Maricopa and Yavapai. Of the three counties, Maricopa had the highest hail-loss tally for the day, with nearly 39,000 claims and more than \$157 million in payments.

For more information, go to iihs.org

The Highway Loss Data Institute (HLDI), an affiliate of the Insurance Institute for Highway Safety (IIHS), is a nonprofit research organization that publishes insurance loss statistics on most car, SUV, pickup truck and motorcycle models on U.S. roads. HLDI is wholly supported by auto insurers.