




2014 Ratemaking and Product Management Seminar – Predicting Wind and Hail Losses with Accurate Roof Age

## Today's presentation:

- **Wind/Hail Losses Today** 
- **Roof Age: Why and How?** 
- **Loss Analysis Study** 
- **Implementation Strategies** 

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## HAIL FACTS

Between 2008 and 2012...

- There were **50,262** confirmed damage-producing hail events... 
- And 11 states each experienced at least **\$1 billion** in hail losses. 
- ...resulting in **4.5 million** hail-related claims. 
- All told, insurers paid **\$32.1 billion** to repair hail-damaged properties. 
- Verisk Climate estimates that between 2008 and 2012 at least **10 million** households were likely affected by damaging hail. 

How many of those potentially hail-damaged properties have you insured this year?

(Chart from Verisk)

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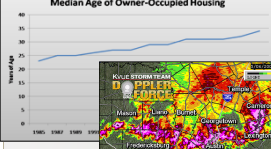
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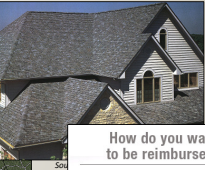
## Wind/Hail Loss Drivers:



Source: NAHB





Source: KVUE TV



Source: Security First

How do you want to be reimbursed?

Actual Cash Value  Replacement Cost 

Aging Housing Stock → More Severe Storms → Increased Roofing Cost → Replacement Cost Policies

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## Why Roof Age?

Any effective strategy requires differentiating between roofs' ability to withstand loss. Roof age is the most effective objective characteristic.

 <b>ACV</b>	 <b>DISCOUNTS</b>	 <b>RATE ON ROOF</b>	 <b>SURCHARGES</b>
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Roof Age is often interacted with other roof characteristics for these strategies.

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## How to get Roof Age?

- **Ask:** homeowner and/or agent
- **External Records:** receipts, permits, affidavits
- **Claims History:** in-house or shared

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### ...But is it accurate?

How often do you think the average residential, shingle roof is replaced?

- Every 10 Years
- Every 14 Years
- Every 20 Years
- Every 33 Years

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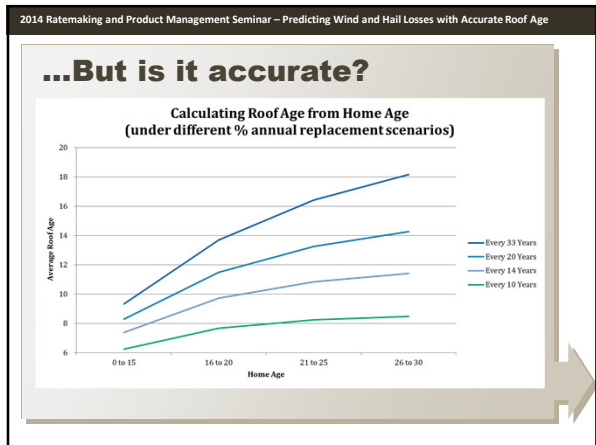
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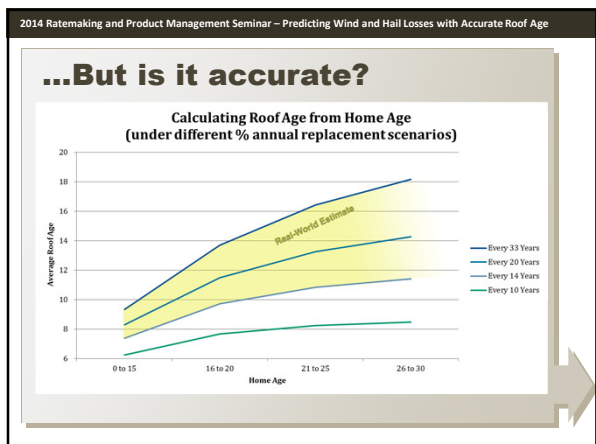
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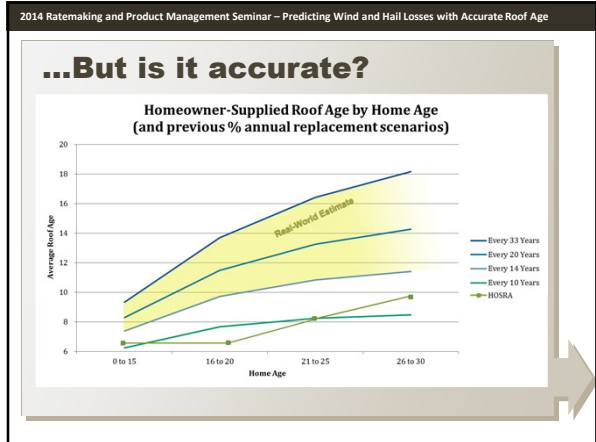
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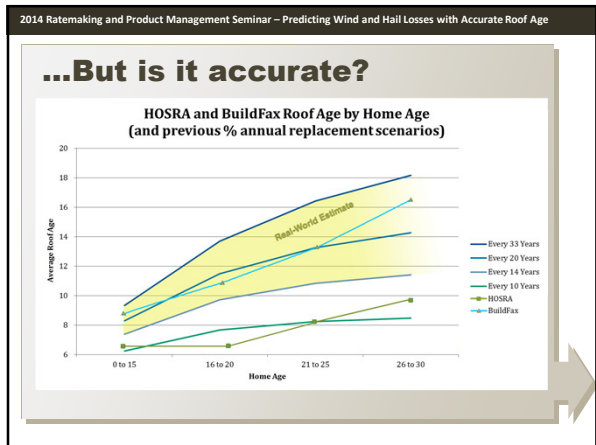
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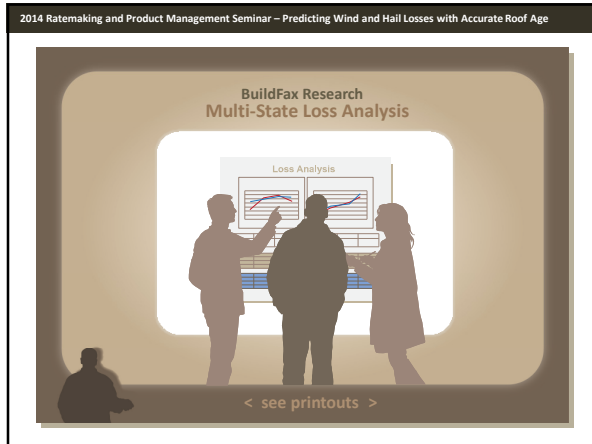
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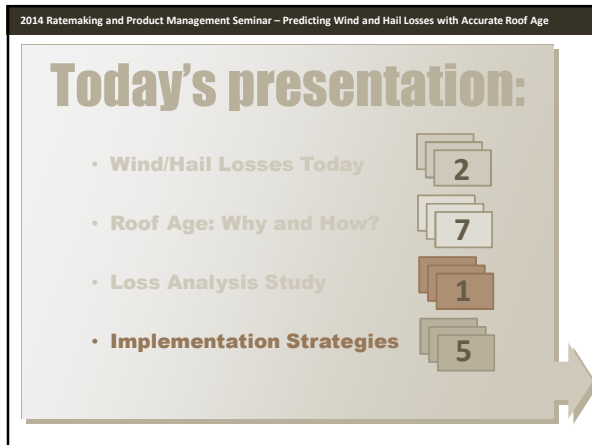
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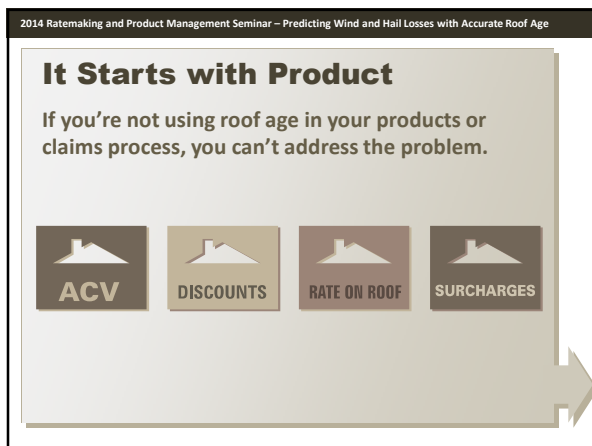
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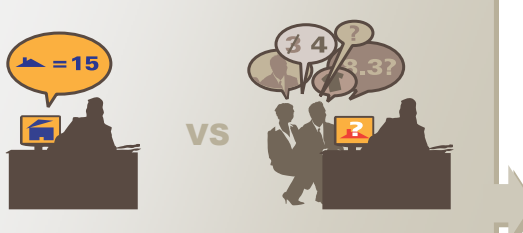
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### New Business: Anchor

There is a substantial difference between a blank box and one with a prefiled value that is usually accepted.



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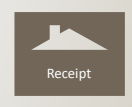
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### New Business: Require Docs

The administrative burden can be low; just review at claim.



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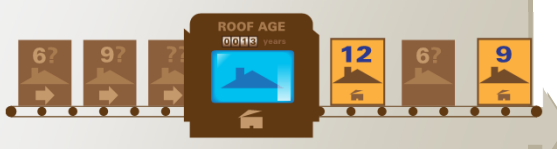
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### Renewals: Use Records

Where you can obtain highly accurate data, revise roof age on renewal



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### Claims: Depreciate

Use the depreciated roof age, either for ACV or for a hold-back to verify that the roof is replaced properly



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### Contact Information:

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