



South Carolina Insurance Rate Review Ad Hoc Committee

July 23, 2025

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Homeowners Policy

What does it cover?

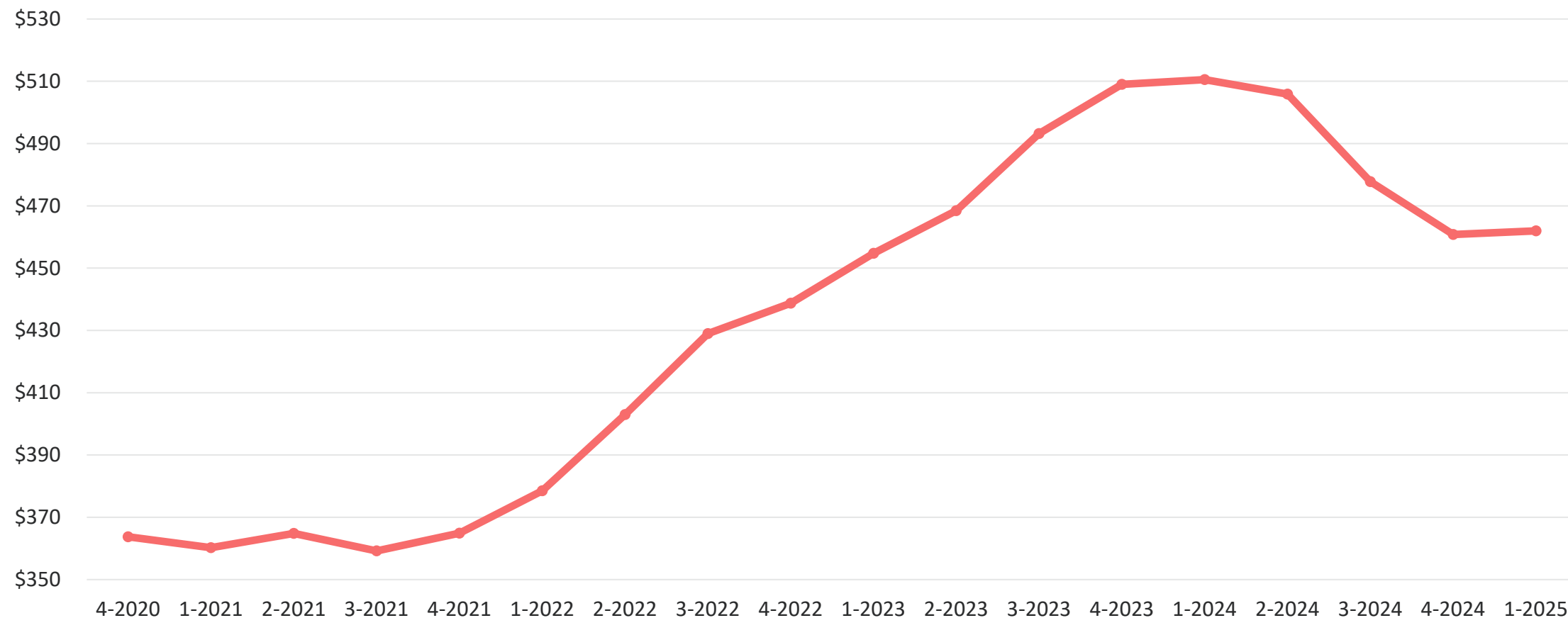
■ Non-Catastrophe Losses

- Fires
- Lightning
- Wind
- Water
- Crime
- Liability



Average Non-Cat Loss Per Policy

**South Carolina Homeowners Insurance
Average Non-Catastrophe Loss Per Policy**



Homeowners Policy

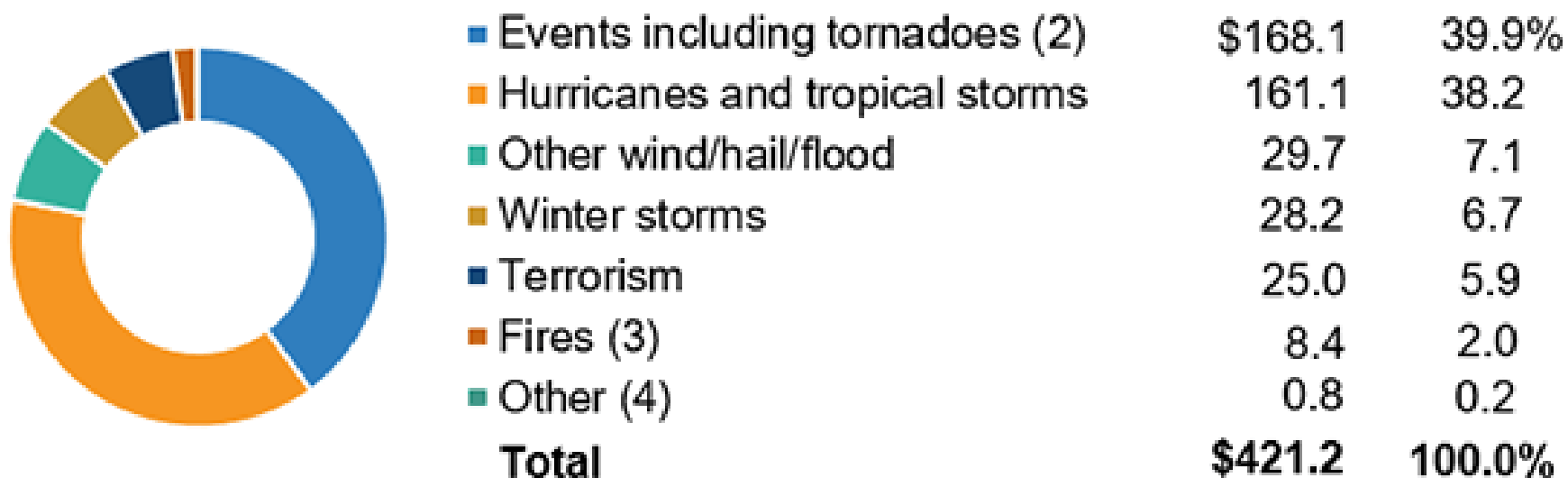
What does it cover?

- **Non-Hurricane Catastrophe Losses**
 - Severe Storms
 - Tornado
 - Tropical Storms
 - Wildfire
 - Winter Storm
 - Terrorism
 - Flood or Earthquake (not in base policy)



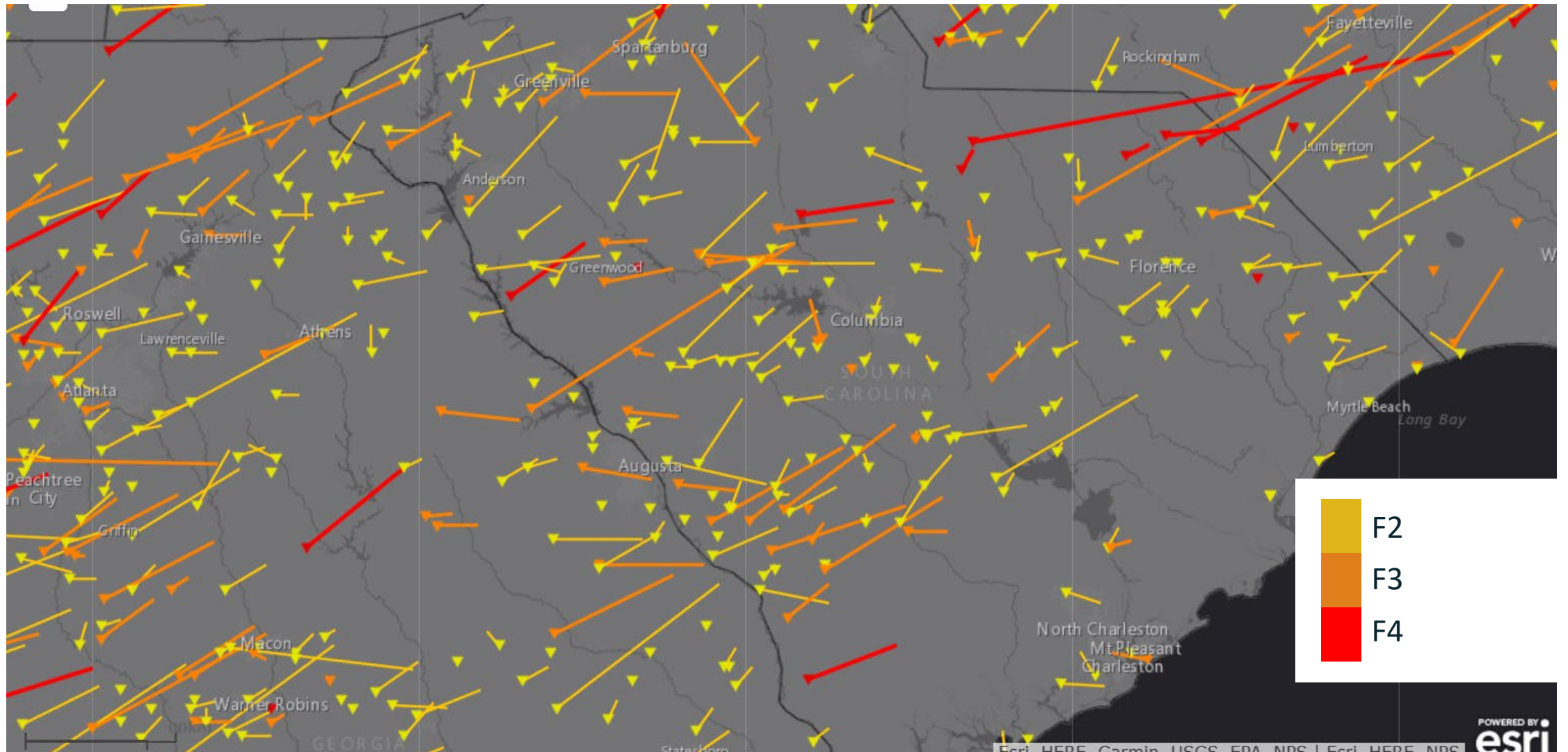
Summary of U.S. Catastrophe Losses

Inflation-adjusted U.S. Catastrophe Losses by Cause of Loss, 1997-2016



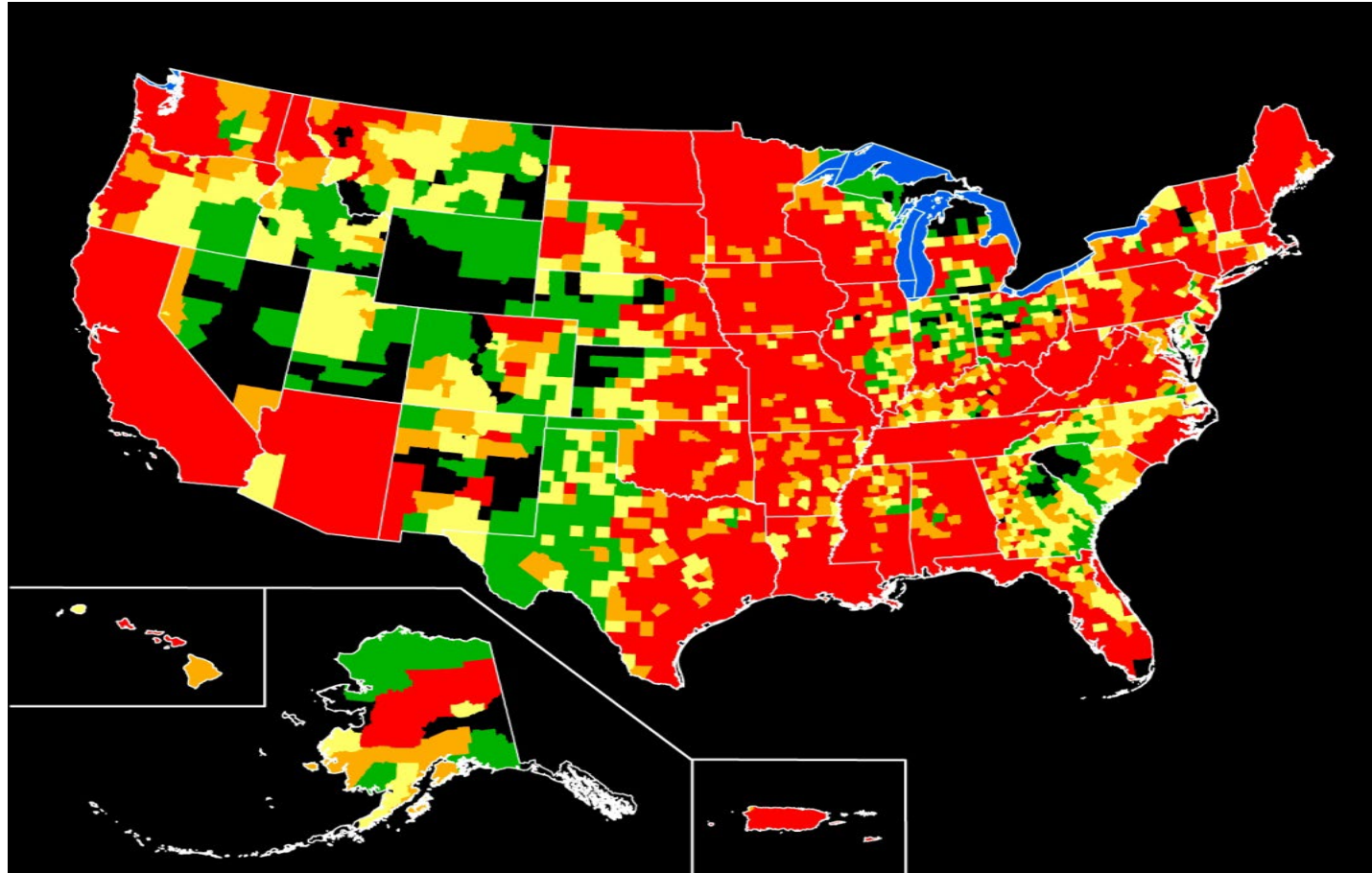
A map of the United States highlighting four major tornado-prone regions, each labeled with a pink, stylized text label. Tornado Alley is a large purple-shaded area covering the central United States, including parts of Minnesota, Wisconsin, Iowa, Nebraska, Kansas, Oklahoma, Missouri, Arkansas, and Texas. Hoosier Alley is a pink-shaded area in the Midwest, covering Indiana and parts of Michigan, Ohio, and Kentucky. Dixie Alley is a pink-shaded area in the Southeast, covering parts of Alabama, Georgia, Florida, and the Carolinas. Carolina Alley is a pink-shaded area in the Southeast, covering parts of North and South Carolina. The map also shows state boundaries and names for various states across the country.

South Carolina Tornadoes



U.S. Exposure by Catastrophe Type

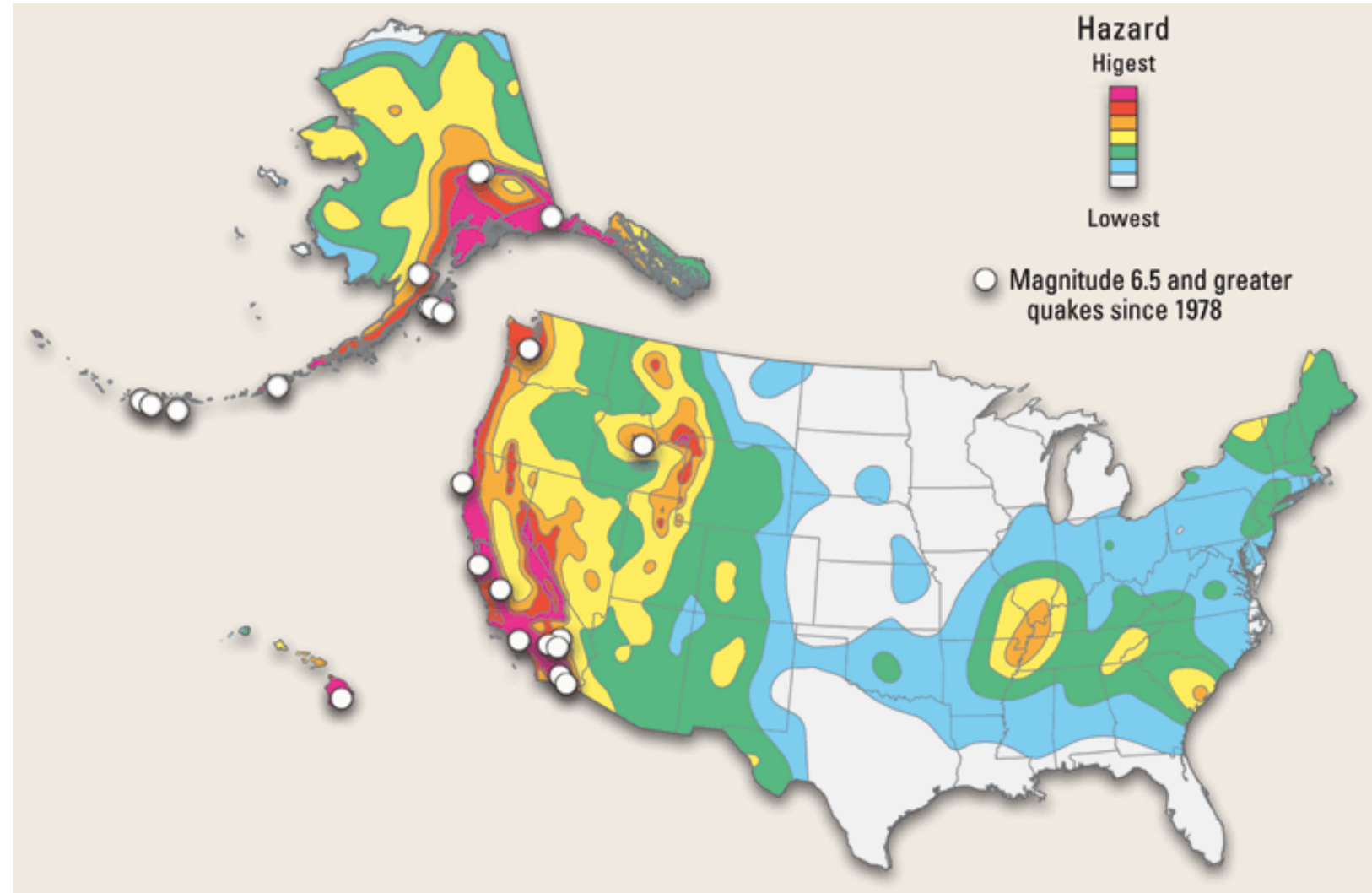
Floods



Green areas represent one declaration; yellow areas represent two declarations; orange areas represent three declarations; red areas represent four or more. Sources: FEMA, Michael Baker Jr., Inc., the National Atlas, and the USGS.

U.S. Exposure by Catastrophe Type

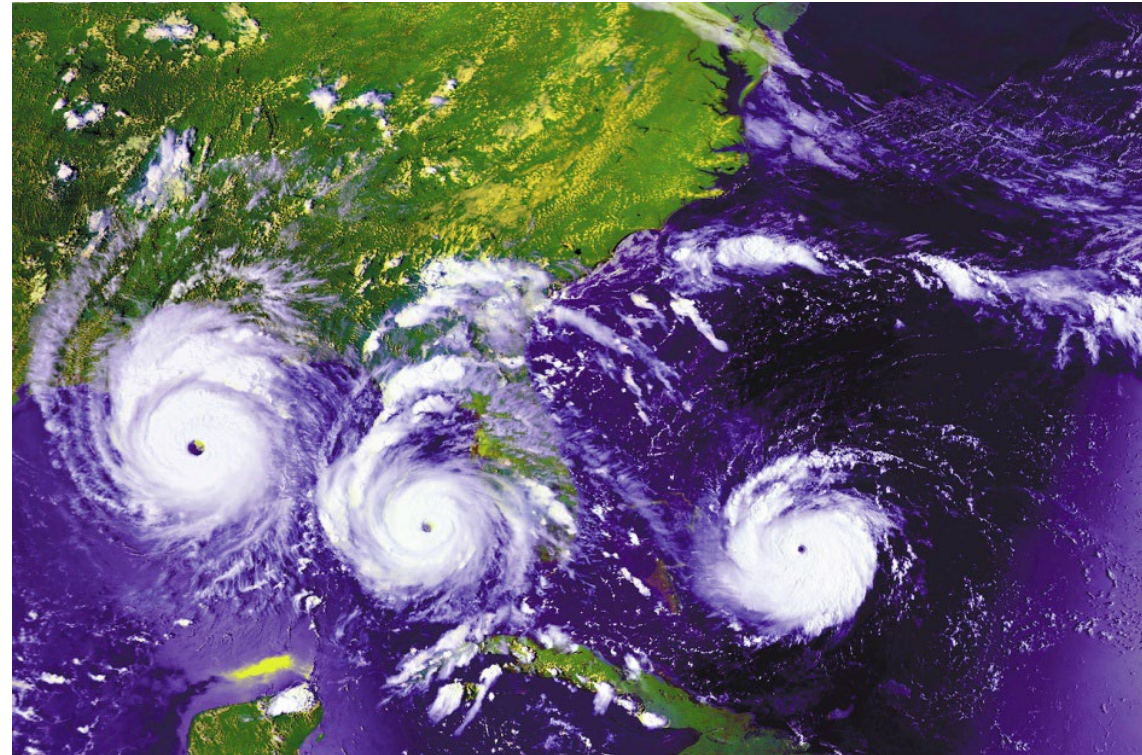
Earthquakes



Homeowners Policy

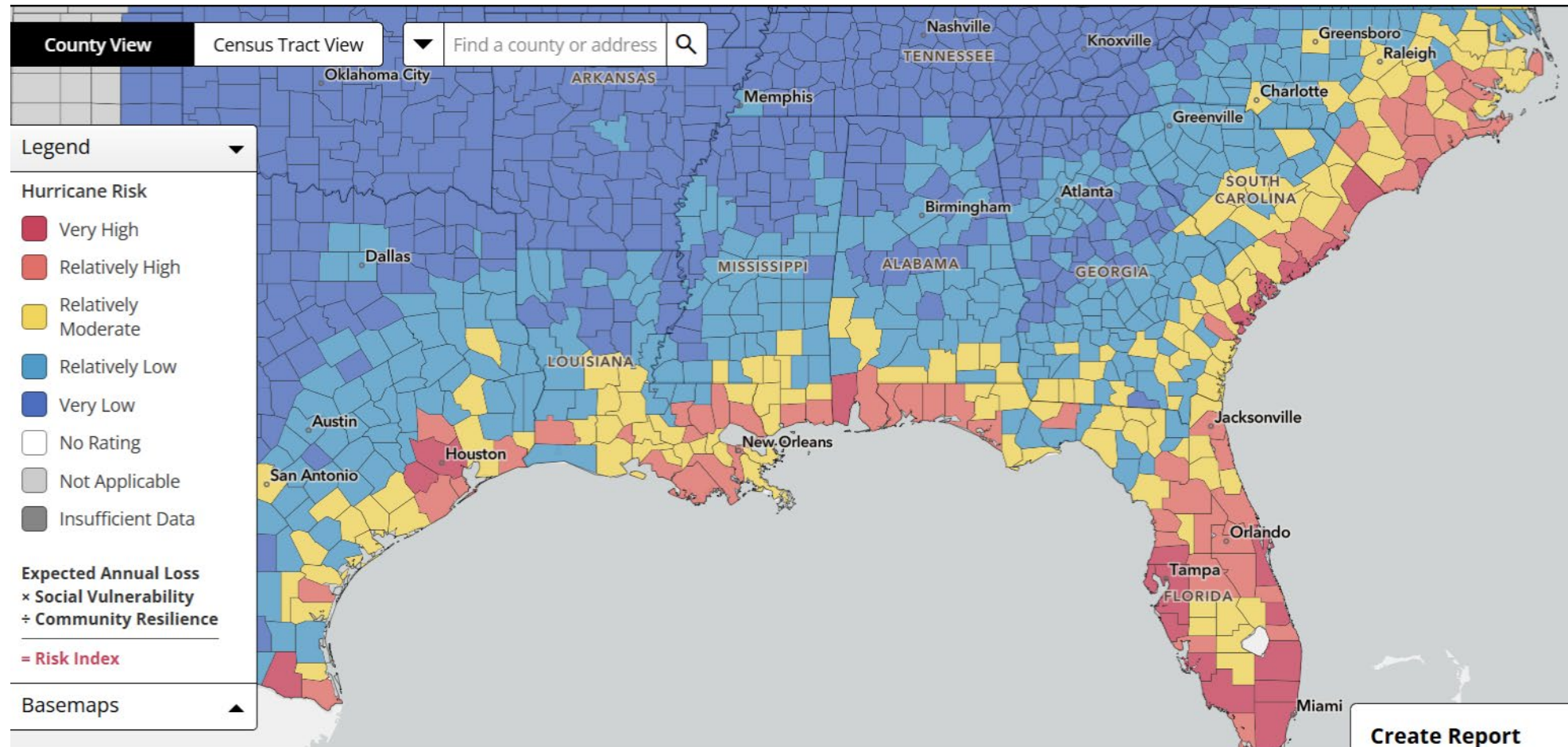
What does it cover?

- **Hurricane Losses**
 - Retained by Company
 - Financing Cost

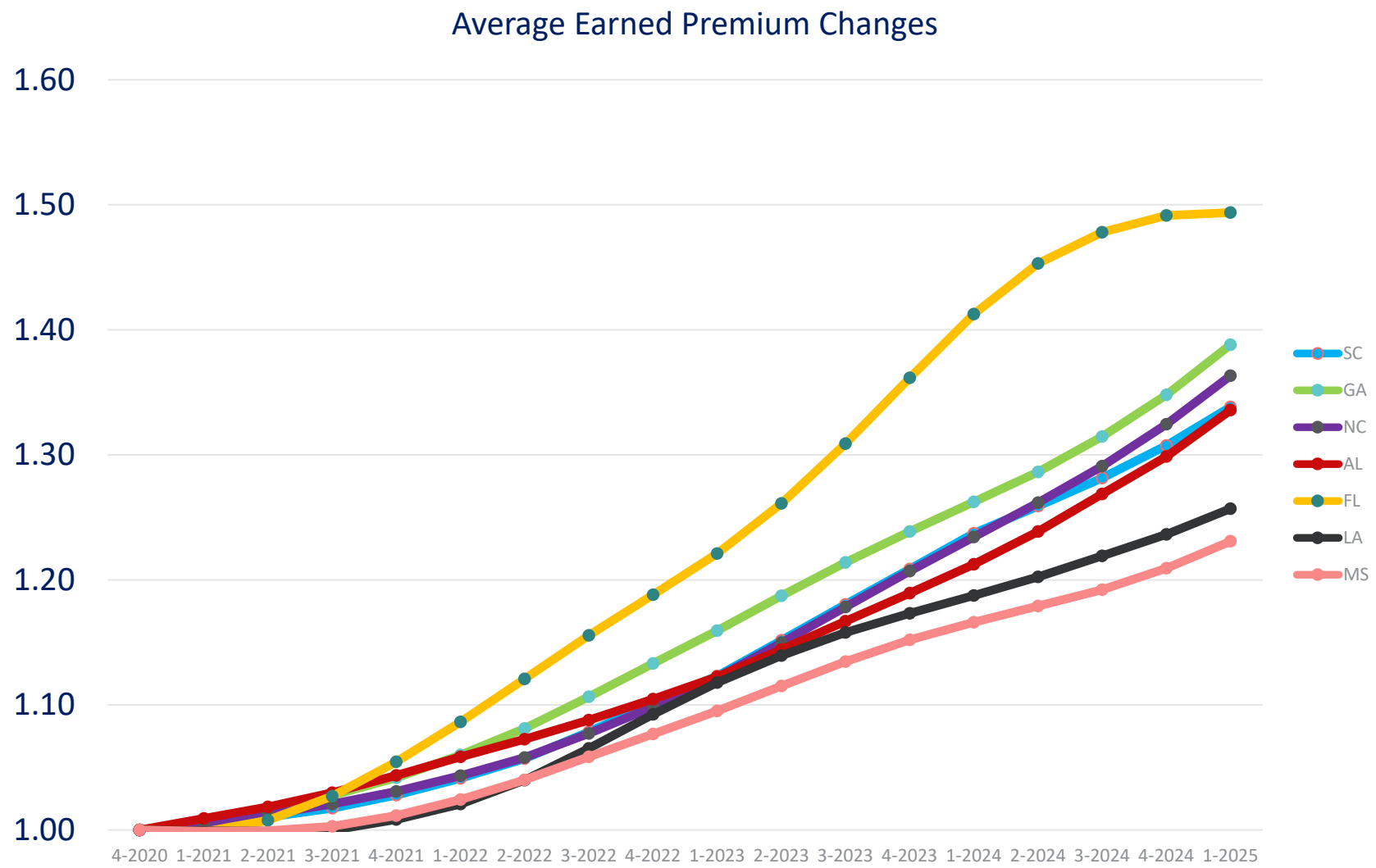


U.S. Exposure by Catastrophe Type

Hurricanes & Tropical Storms



Coastal State Average Premiums Growth



Annual Avg Cost of Home Insurance (Insurify)

	Average Annual Premium (2024)	Projected Annual Premium (2025)	Projected Percentage Increase in 2025	Projected Cost Increase in 2025
Florida	\$ 14,140	\$ 15,460	9%	\$ 1,320
Louisiana	\$ 10,964	\$ 13,937	27%	\$ 2,974
Alabama	\$ 5,445	\$ 5,831	7%	\$ 386
Mississippi	\$ 4,809	\$ 5,198	8%	\$ 389
South Carolina	\$ 4,017	\$ 4,172	4%	\$ 155
Georgia	\$ 3,528	\$ 3,826	8%	\$ 299
North Carolina	\$ 3,233	\$ 3,432	6%	\$ 198
Insurify				

SC Average Statewide Premium Breakdown

Non-Catastrophe Losses	35%
Non-Hurricane Cat. Losses	10%
Hurricane Losses	10%
Fixed Expenses	10%
Reinsurance/Cat Risk Finance	15%
Commissions & Taxes	15%
Underwriting Profit	5%

Homeowners Policy

How are rates calculated?

■ Non-Catastrophe Losses

- Five years of premium and loss experience
- Rates vary by location, physical characteristics of the home
- Relatively stable cost estimates year to year

Homeowners Policy

How are rates calculated?

■ Non-Hurricane Catastrophe Losses

- 20 or more years of loss experience
- Usually loaded into rates on a statewide basis
- Relatively stable cost estimates year to year
- Some perils can be estimated by using simulation models instead of loss experience

Homeowners Policy

How are rates calculated?

■ Hurricane Catastrophe Losses

- Extremely low number of occurrences
- Extremely high average losses per hurricane occurrence
- Use Hurricane Loss Simulation Models to estimate losses
- Changes in estimated hurricane losses occur based on model updates, changes in exposure

Reinsurance

Why is reinsurance needed?

- **2024 SC Homeowners Premium = \$3 billion**
- **Hurricane Hugo in 2024 = \$15-20 billion**
- **Where do the funds come from to pay the losses from hurricanes?**
 - Insurance company income and surplus
 - Reinsurance coverage

Reinsurance

What causes reinsurance premium to increase?

- **Growth of exposure in coastal areas**
- **Concentration of exposure**
- **Increased demand for reinsurance driven by rating agencies**
- **Lack of available capacity in the reinsurance market**
 - Catastrophic losses worldwide

SC Homeowners Insurance Research

- **Review of Top HO Insurers via submitted Rate Filings**
 - Review of Rate Filings submitted to the SC DOI
 - Premium breakdowns – Non-Cat vs Cat, Hurricane vs All Other
 - Profitability statewide – Review of Actuarial Support and
 - Comparison of rate examples by County – from Rate Filings

SC Homeowners – Top 10 Direct Written Premium



	2024 Direct Written Premium (000s)	%
1 State Farm F&C Co.	\$619,997	19.9%
2 Allstate Vehicle & Property Ins Co	\$154,816	5.0%
3 Travelers Personal Insurance Co.	\$131,998	4.2%
4 United Svcs Automobile Assn	\$124,062	4.0%
5 First Protective Insurance Co.	\$122,558	3.9%
6 Homesite Ins Co. of the MW	\$104,446	3.4%
7 SC Farm Bureau Mutual Ins Co.	\$102,975	3.3%
8 Auto-Owners Insurance Co.	\$99,429	3.2%
9 Orion180 Insurance Co.	\$88,059	2.8%
10 <u>USAA Casualty Insurance Co.</u>	<u>\$77,312</u>	<u>2.5%</u>
Total Top 10	\$1,625,652	52.3%
 Total SC Homeowners	 \$3,107,784	

Thank you!

**South Carolina
Insurance Rate Review Ad Hoc Committee**

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