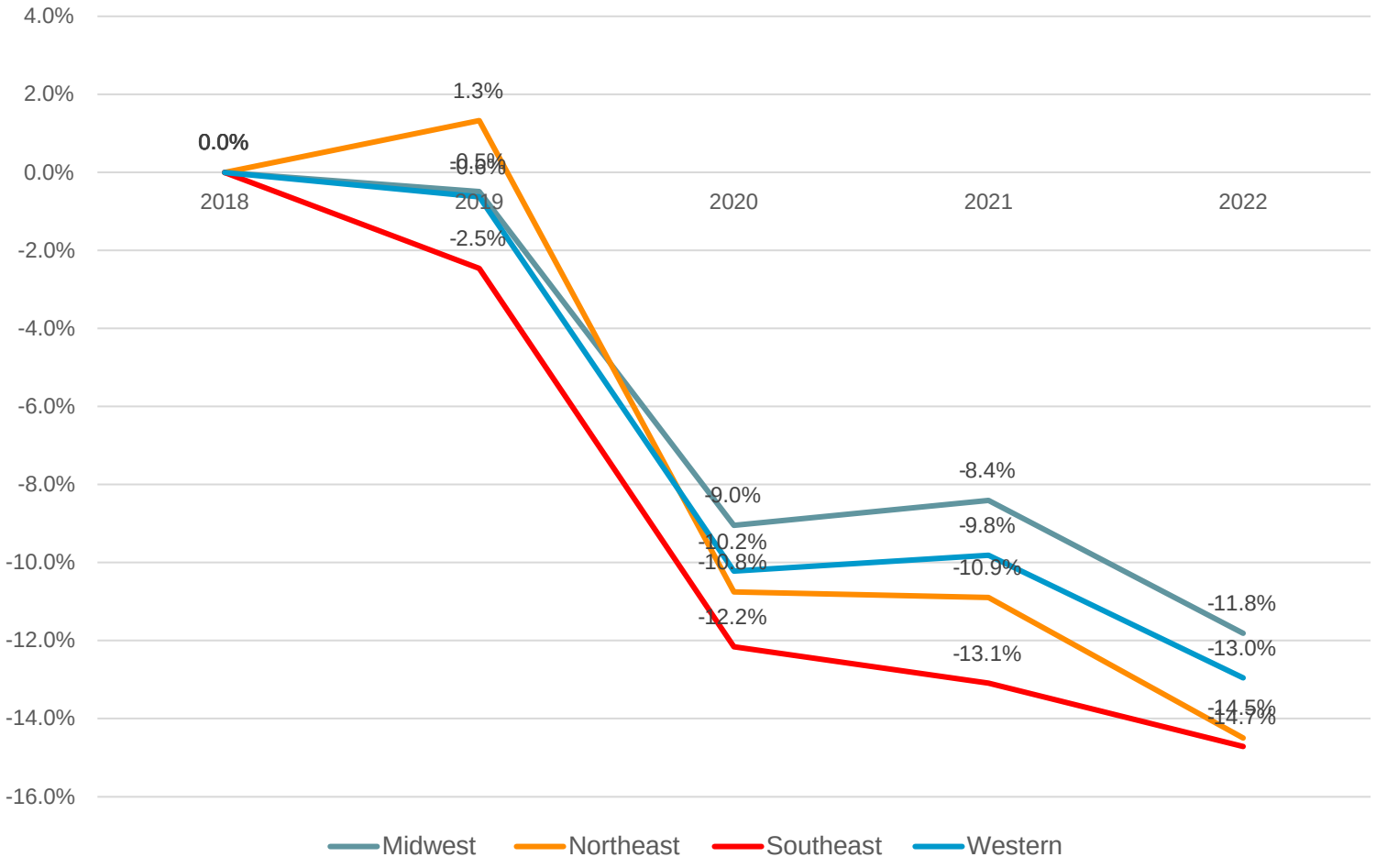
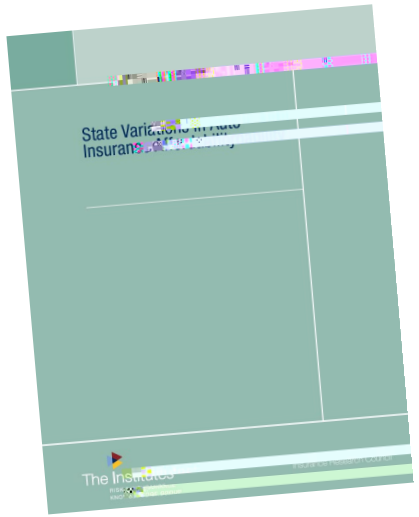
Percentage changes from 2018 inAverage Effective HO insurance rate = annual premium per $1000 of home value

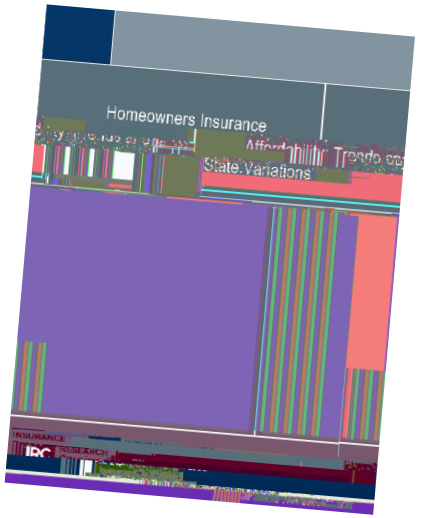


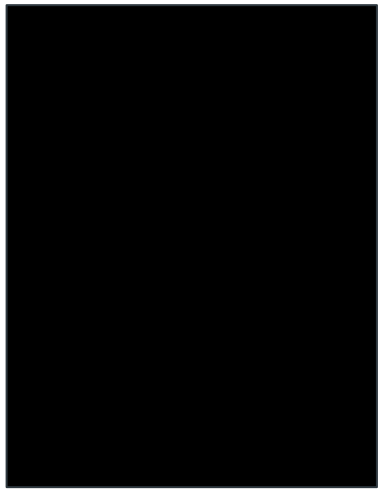
* Median house values from the 1-year American Com

://www .freddiemac.com/research/forecast/ 2022e

IRC's Affordability Research







- IRC objectives in studying affordability:
  - Develop a method to define and measure affordability
  - Describe affordability over time and across states
  - Examine key cost drivers of personal insurance
- How to measure the cost of insurance?
  - Which product? Which price?
  - We rely on NAIC average expenditure data
-

Cost Drivers Are the Key to Insurance Affordability

- What factors make insurance expensive in each sta
- Which factors can be influenced by public policy?

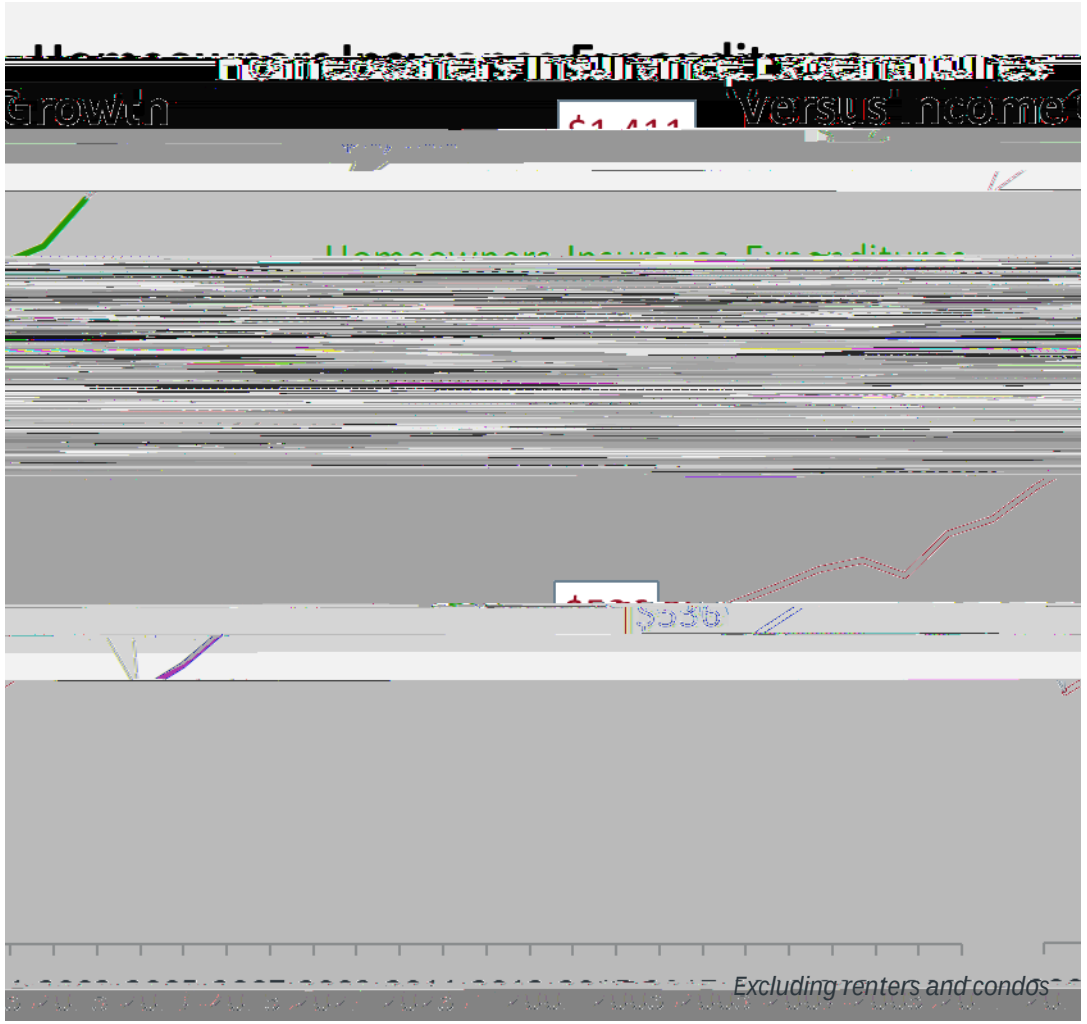
Key Auto Cost Drivers:

- Accident frequency
- Repair costs
- Relative injury claim frequency
- Injury claim severity
- Expense costs
- Litigation
- Uninsured and underinsured motorists

Key Homeowners Cost Drivers

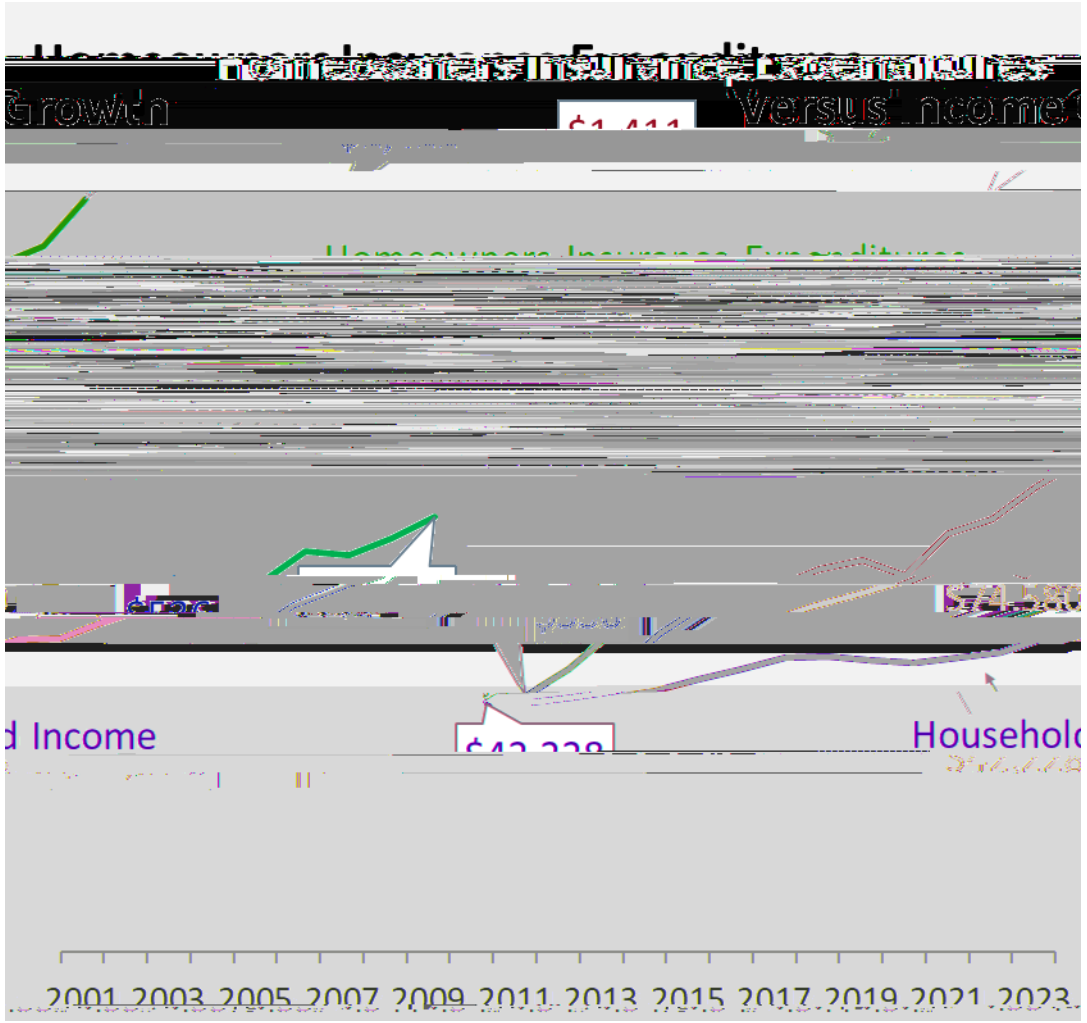
- Natural risk exposure
- Claim frequency and severity
- Catastrophe vs non-catastrophe
- Expense costs
- Litigation

Insurance Expenditures Compared to Income



Sources: NAIC's Auto Database Report;
NAIC's Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condo/Cooperative Unit Owner's Insurance Report;
U.S. Census Bureau

Insurance Expenditures Compared to Income



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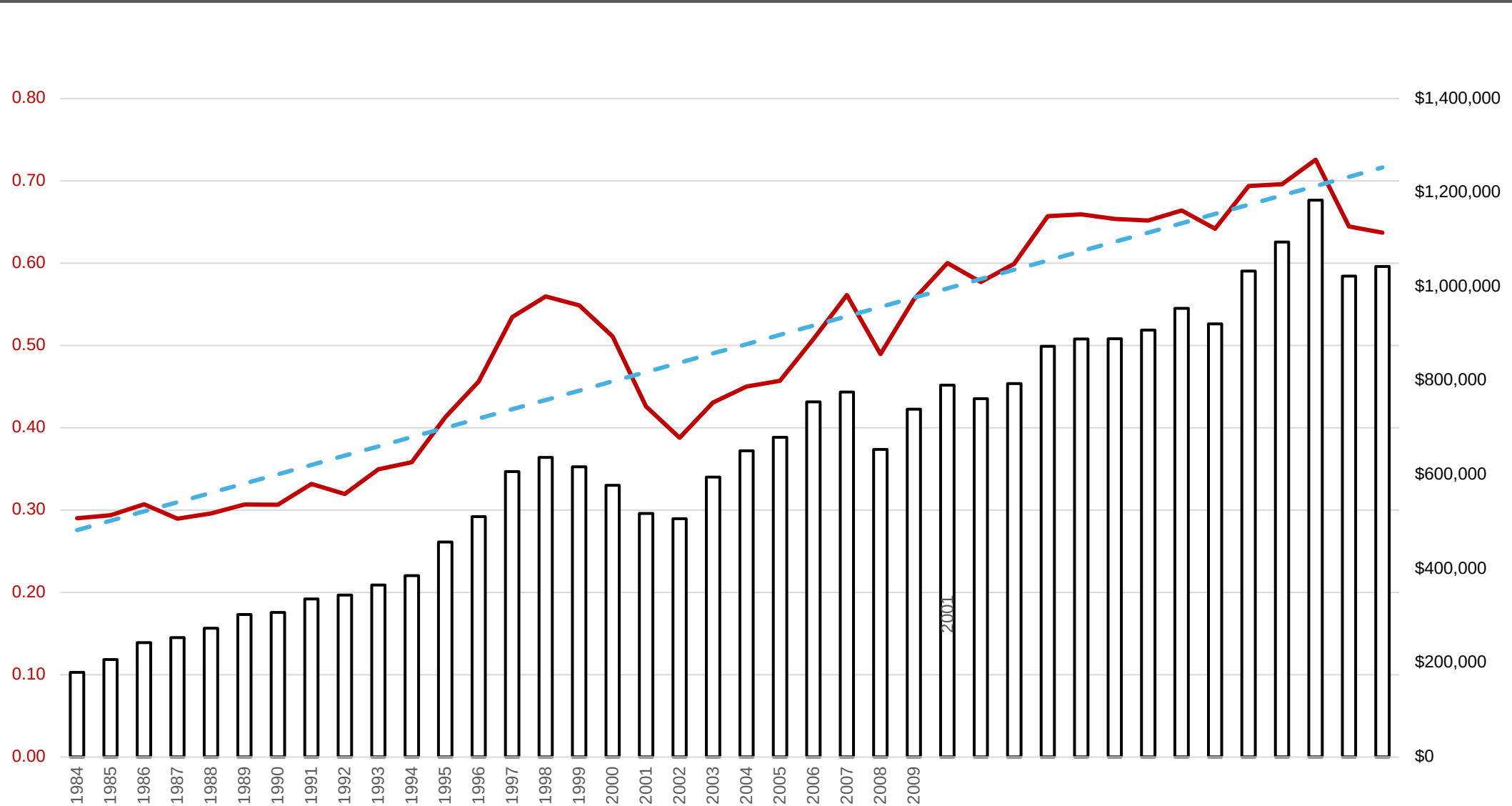
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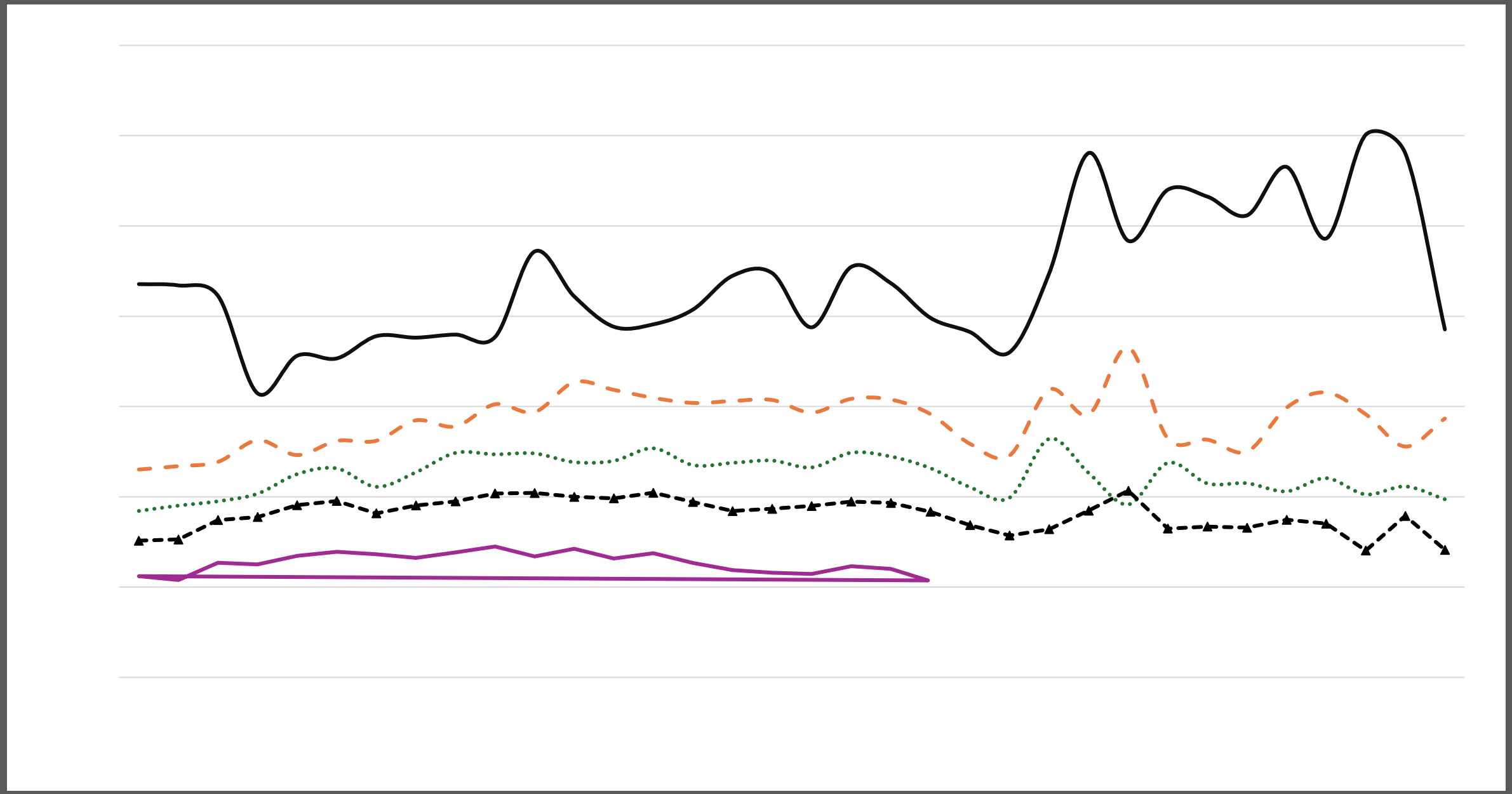
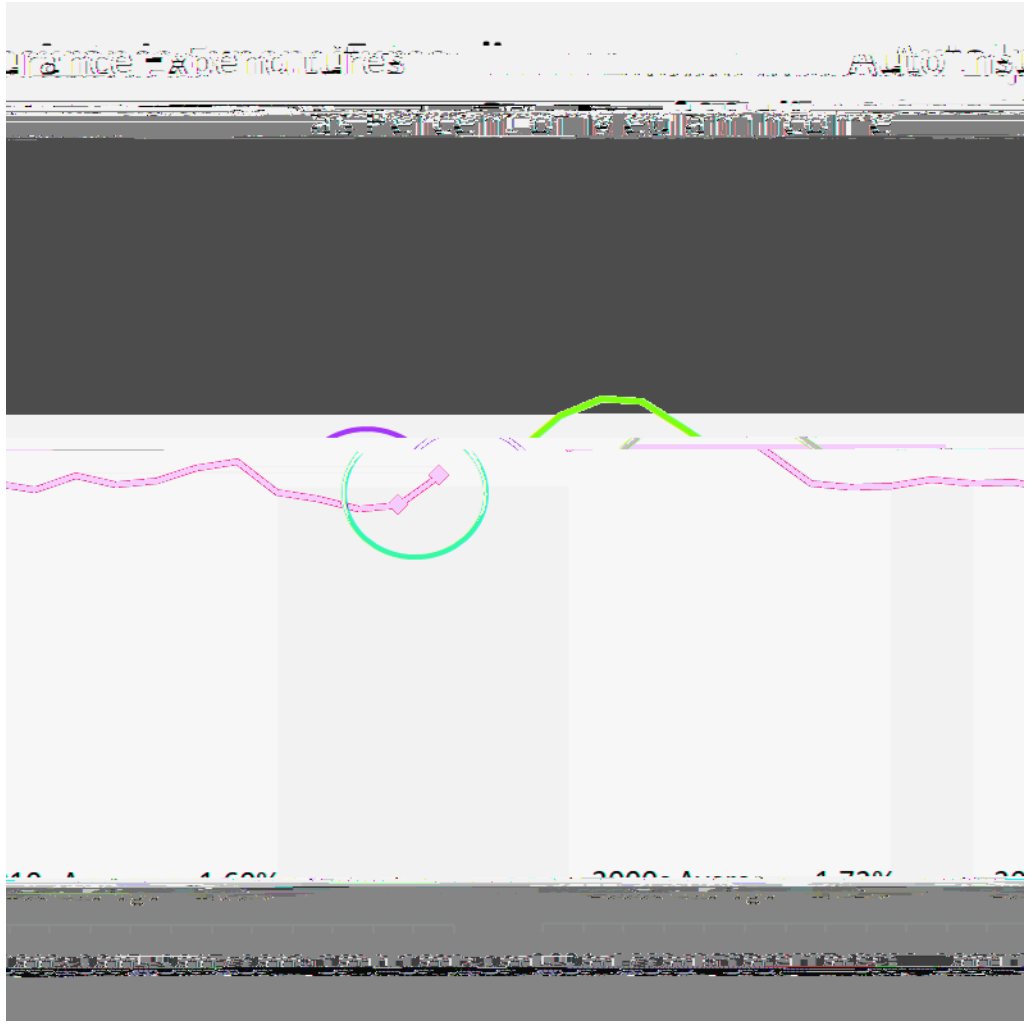


IRC's Affordability Index – Projections Through 2023



More Affordable

Less Affordable

Based on projections from the Insurance Information Institute

Wide Range of Insurance Affordability by State

Most Affordable ⟷ Least Affordable

Homeowners Insurance
Cost Drivers Matrix

Expenditure Share of Income

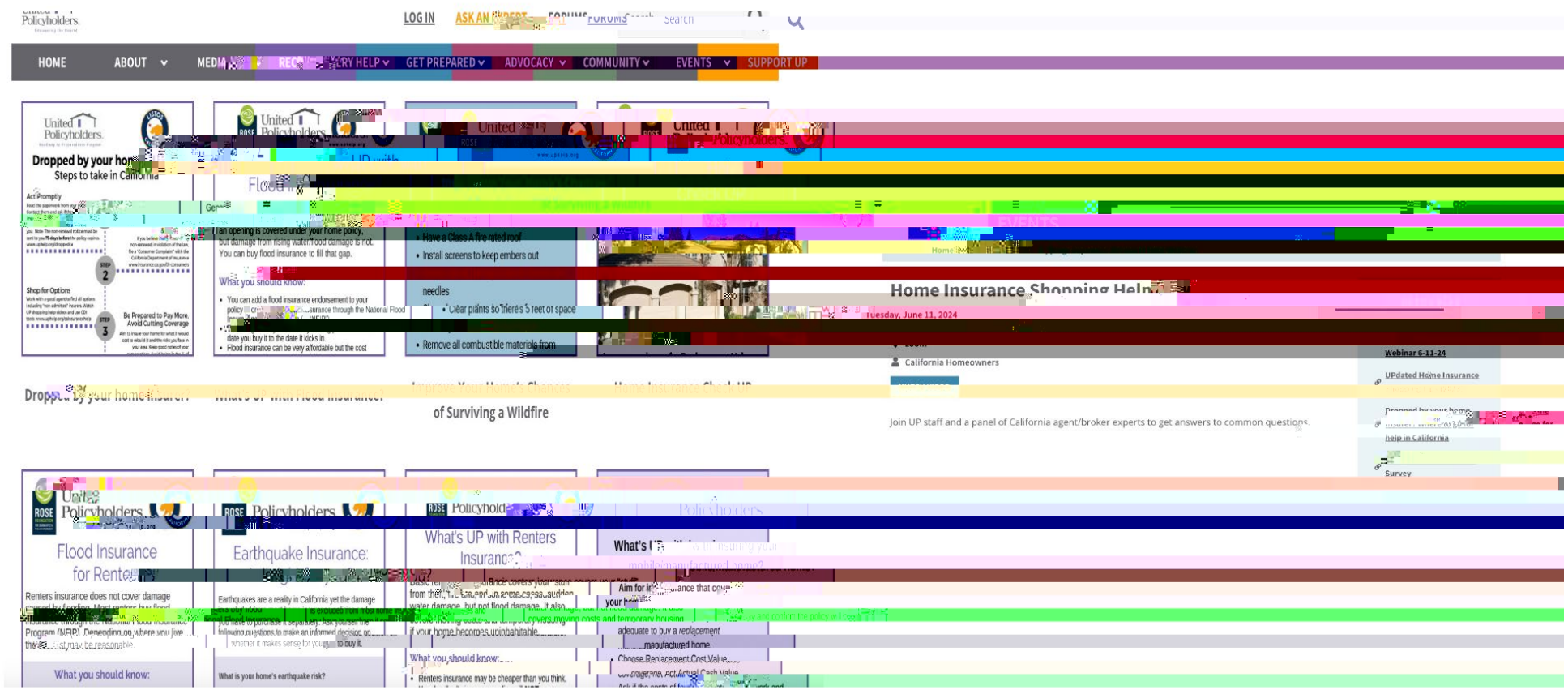
Key Homeowners Cost Drivers:

- ƒNatural weather risk exposure
- ƒOther natural risk exposure
- ƒClaim frequency for catastrophe
- ƒClaim frequency for non

UP is a 33 year old 501(c)(3) nationa[illegible]

Our website [illegible] staff, programs, volunteers and guidance

help over 500,000 people each year [illegible]



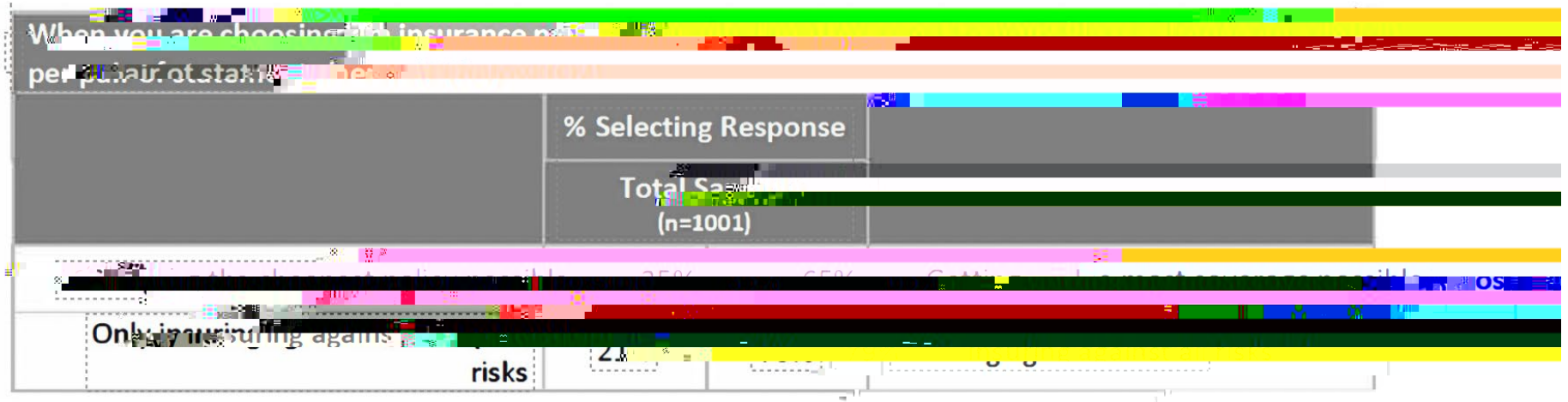
Consumer surveys show fairly consistent patterns

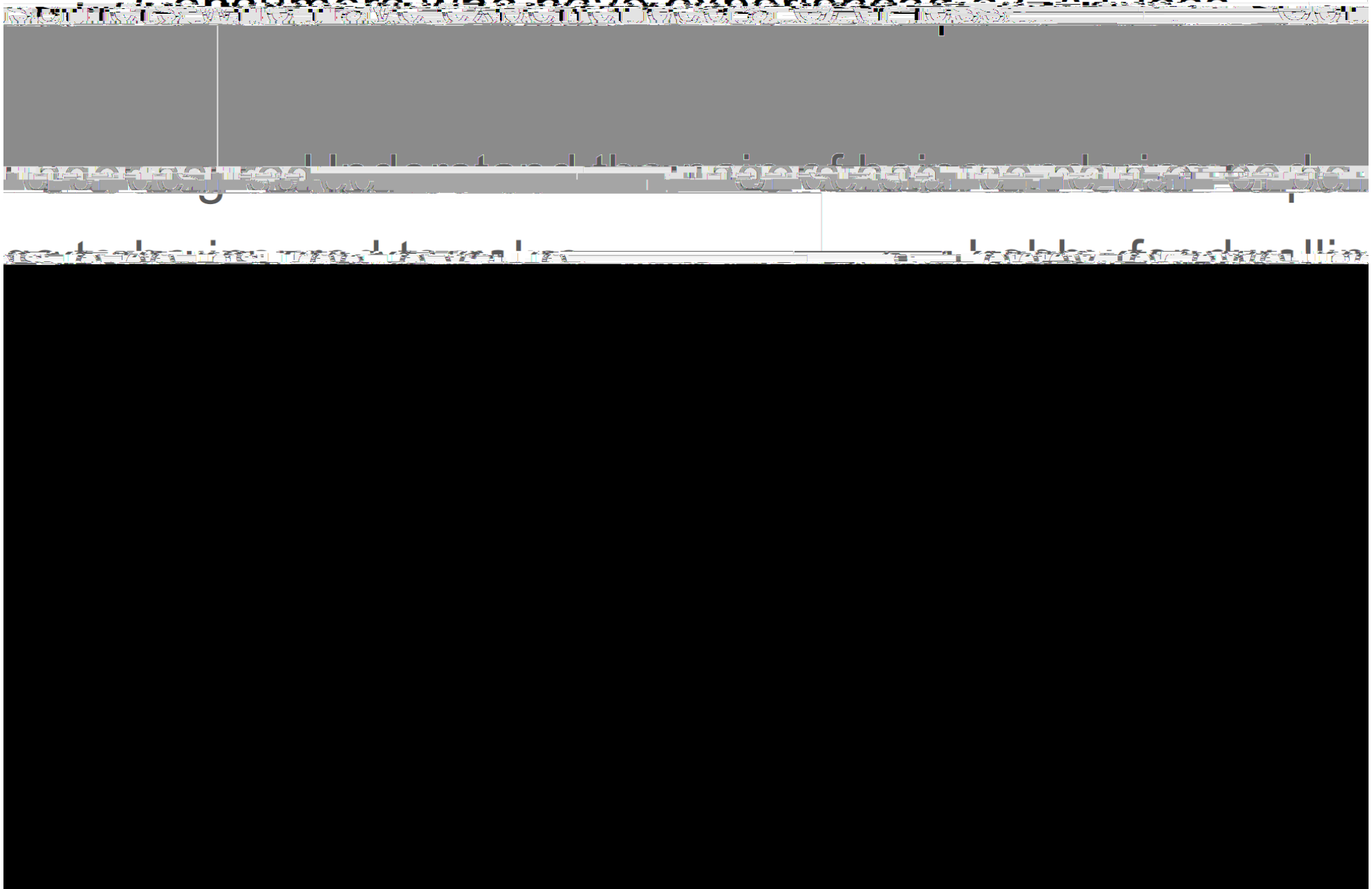
Rate stability is a priority

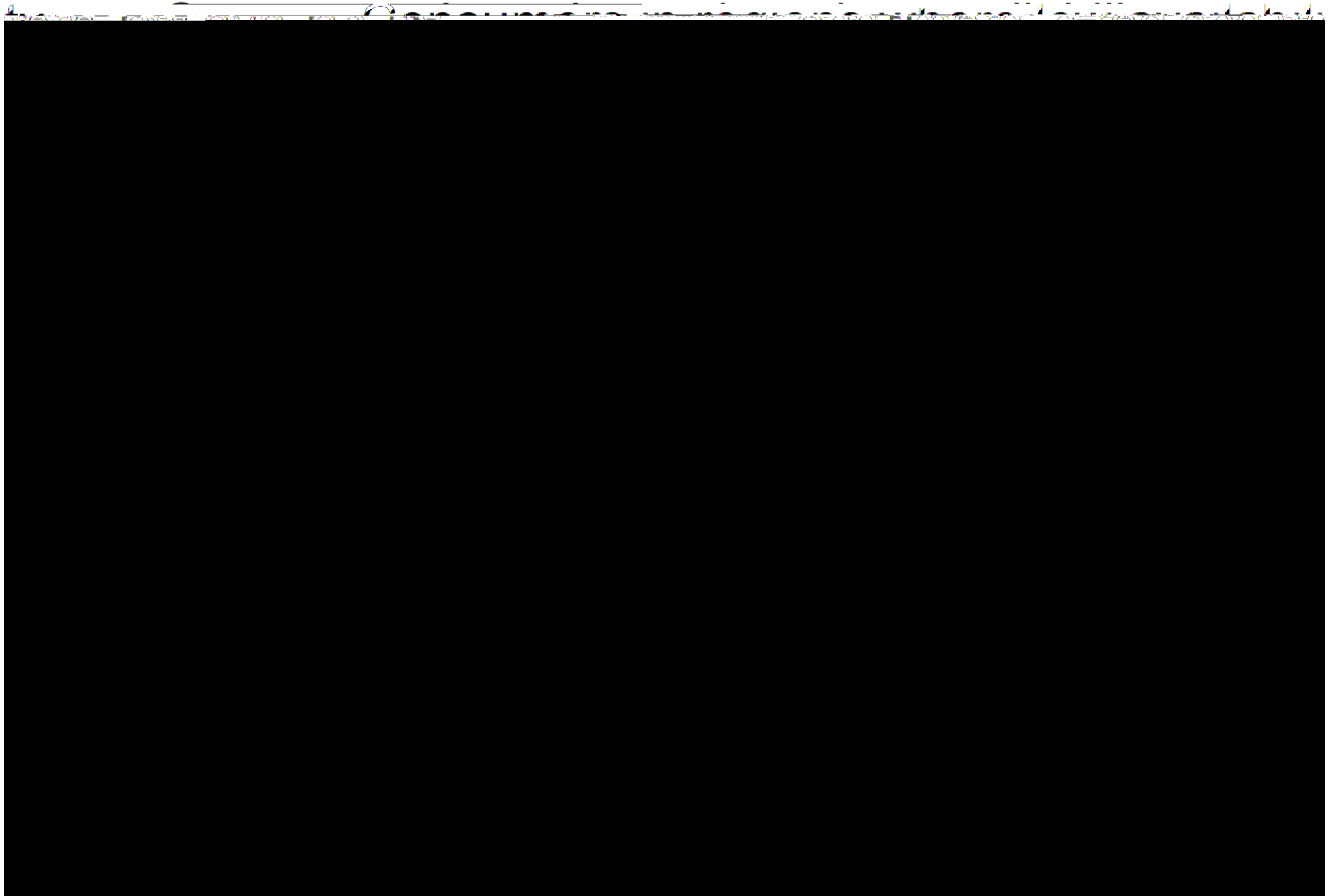
Simplicity is a priority

Essential protection is a priority

Affordability is a priority but is also subjective







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