

Local & state

ECONOMY

Weather whipping up home insurance

Losses from recent storms factor into future projections.

By Mark Williams
The Columbus Dispatch

For the third straight year, the cost of insuring your home has taken a big jump.

Rates rose an average of 8.7 percent last year among the state's top 10 homeowner insurers, according to Ohio Department of Insurance figures released yesterday. That followed a 9.7 percent increase in 2009 and a 7.1 percent jump in 2008.

The major reason: the destructive storms that have pounded the state since 2007, causing more than \$1 billion in insured losses.

Insurers can't raise rates

based on losses from past storms, but the losses factor into projections of future losses.

The Ohio Insurance Institute estimated preliminary insured losses from six catastrophic storms in Ohio this year at \$537 million to \$640 million, including storms that hit last month.

"Over the last five years, there has been a sequence of unprecedented events," said Peter McMurtrie, vice president of claims and state-market team leader for Grange Insurance.

Columbus-based Grange kept rate increases smaller than many competitors in 2008 and 2009 before raising its Ohio rates last year by 15.6 percent, the biggest increase among major insurers.

"It would have been irre-

sponsible for us not to recognize that there has been a material change in weather patterns, and start to recognize that in our pricing," he said.

In a typical year, about 10 percent of Grange's homeowner customers file a claim, he said. The key is to make sure that premiums are adequate to protect all policyholders, he said.

Rate increases for many Grange customers are expected to ease to about 5 percent in 2011, he said.

The trend in significant storm damage in Ohio began in 2007 when a June hailstorm caused \$288 million in damage, according to Insurance Institute records. That was followed by the \$1.1 billion in damage caused by the remnants of Hurricane Ike in Septem-

ber 2008.

This year, a six-day stretch of storms in May produced up to \$400 million in insured damage, according to a survey of insurance companies by the institute. Only Ike and the 1974 Xenia tornado were more costly.

Other factors in the rate increases include rising costs of materials such as shingles and vinyl siding, and a growing fraud problem among what McMurtrie called out-of-state storm chasers.

Despite the continuing increases, Ohio still has the ninth-lowest rates in the country, according to the state.

The institute estimates that a typical homeowner paid \$674 for insurance last year; the national average was \$879.