



Research: Data on Louisiana's Auto Insurance Market

Leaders for a Better Louisiana
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Background on Insurance Data Research



Insurance reforms – especially due to the impact on economic development, workforce and household financial burdens – are expected to remain a major topic for the Louisiana Legislature in 2025.

This data review is intended to ground the issue in comparative data to other states and focus policymaking.

Key questions to start project

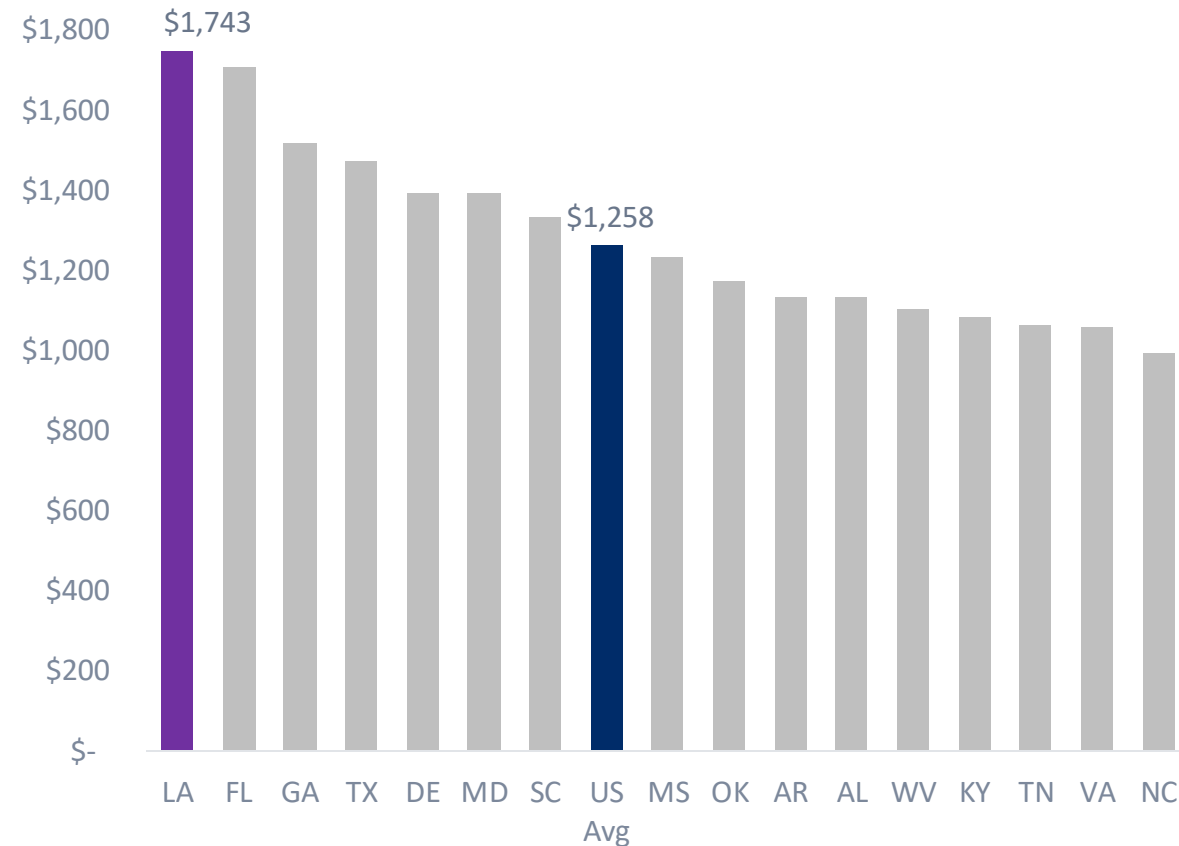
Questions driving the following data analysis

- How much higher are Louisiana's auto insurance prices higher than other states?
- Do states with higher premiums track the safety from fatal car accidents? Does Louisiana have more fatal accidents than other states?
- How do the number of auto insurance claims compare to property insurance claims, relative to other states? Why would one be out of proportion with the other?
- How do bodily injury claims and losses compare to the rates of property insurance claims, as compared to other states? Why would one be out of balance with the other?
- How does Louisiana compare to other states for those data factors most commonly associated with higher auto premium rates?

Louisiana's insurance premiums are the highest out of all Southern States

Louisiana premiums are 39% above the national average

Average auto premiums by state, 2022



Source: 2022 data. National Association of Insurance Commissioners; U.S. Department of Transportation, National Highway Traffic Safety Administration.

* Southern states include Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia

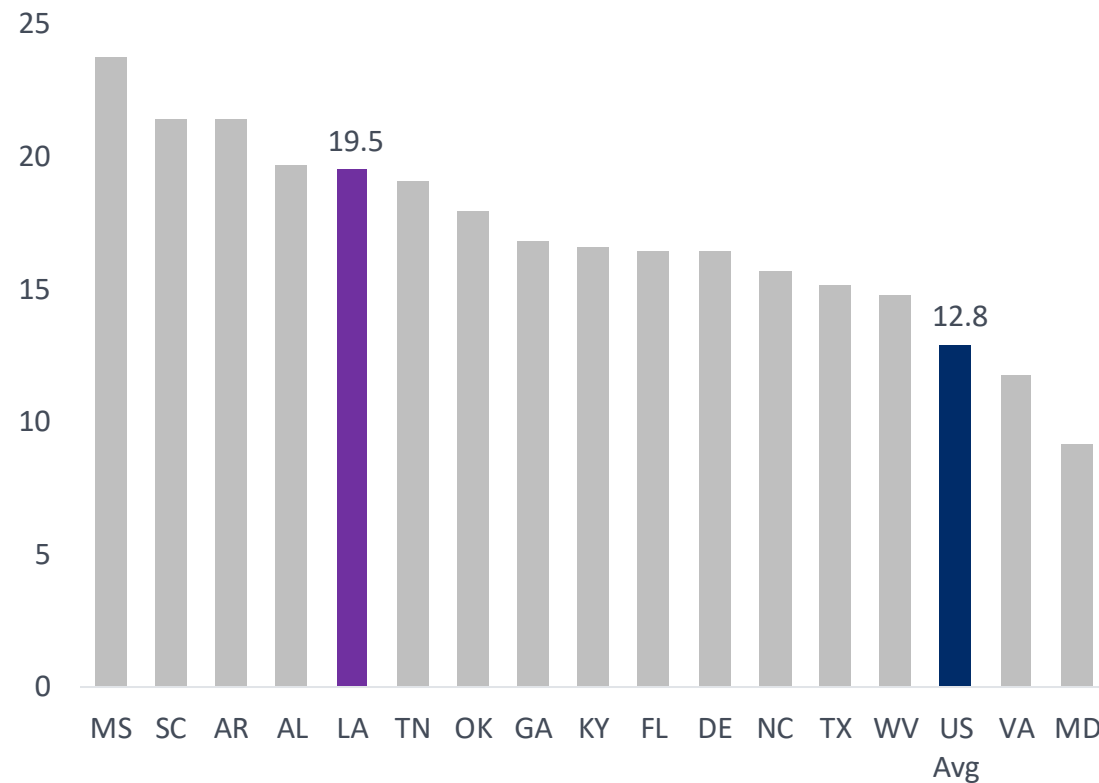
Analysis

- Louisiana residents pay roughly \$500 more on average than the US average for auto insurance premiums
- Although LA premiums are much higher than the US, Louisiana incomes are \$16,250 lower than US incomes annually



Although high, Louisiana does not have the highest number of fatal accidents

Fatal accidents per 100k residents, 2022



Analysis

- Accident rates don't appear to explain Louisiana's position as highest auto premiums in the US.
- Mississippi, South Carolina, Arkansas, and Alabama have higher rates of fatal accidents.

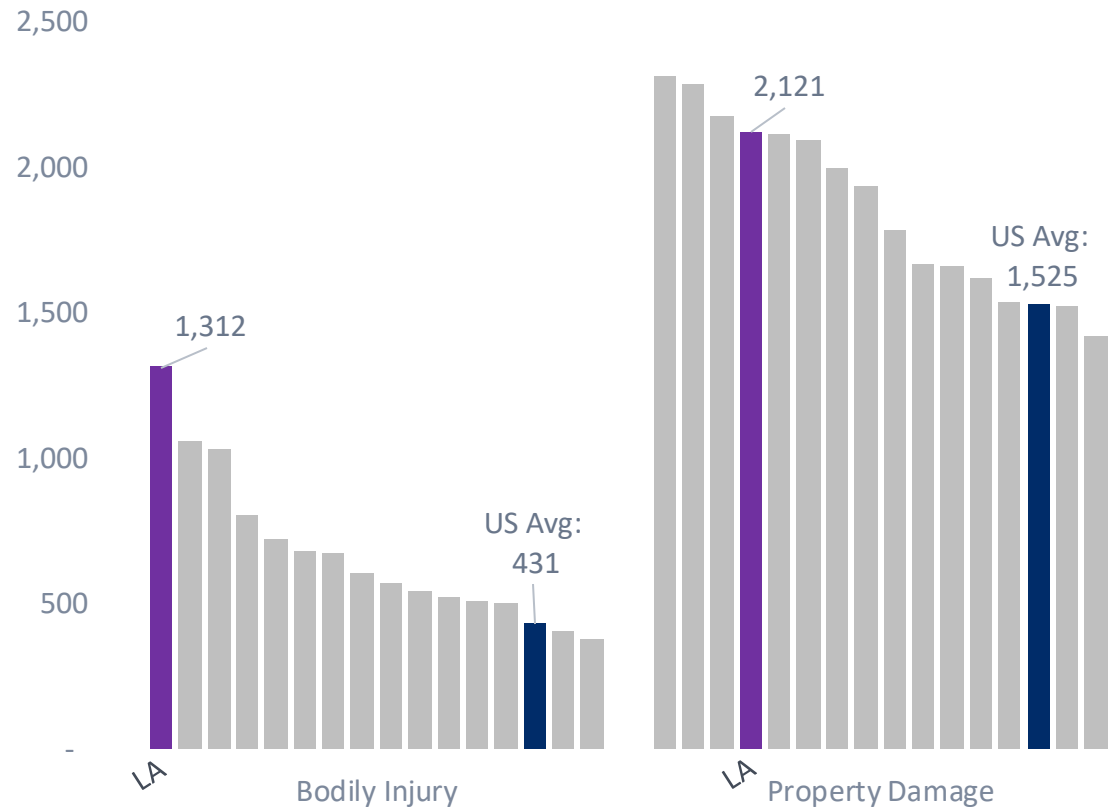
Source: 2022 data. National Association of Insurance Commissioners; U.S. Department of Transportation, National Highway Traffic Safety Administration.

* Southern states include Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia



Louisiana has 3x more bodily injury claims than the US average, and ...

Insurance claims per 100k residents, 2020



Source: National Association of Insurance Commissioners. Data are for 2020.
Claims from Texas not included in the NAIC's analysis, so Texas is not included in the graphs on this page.

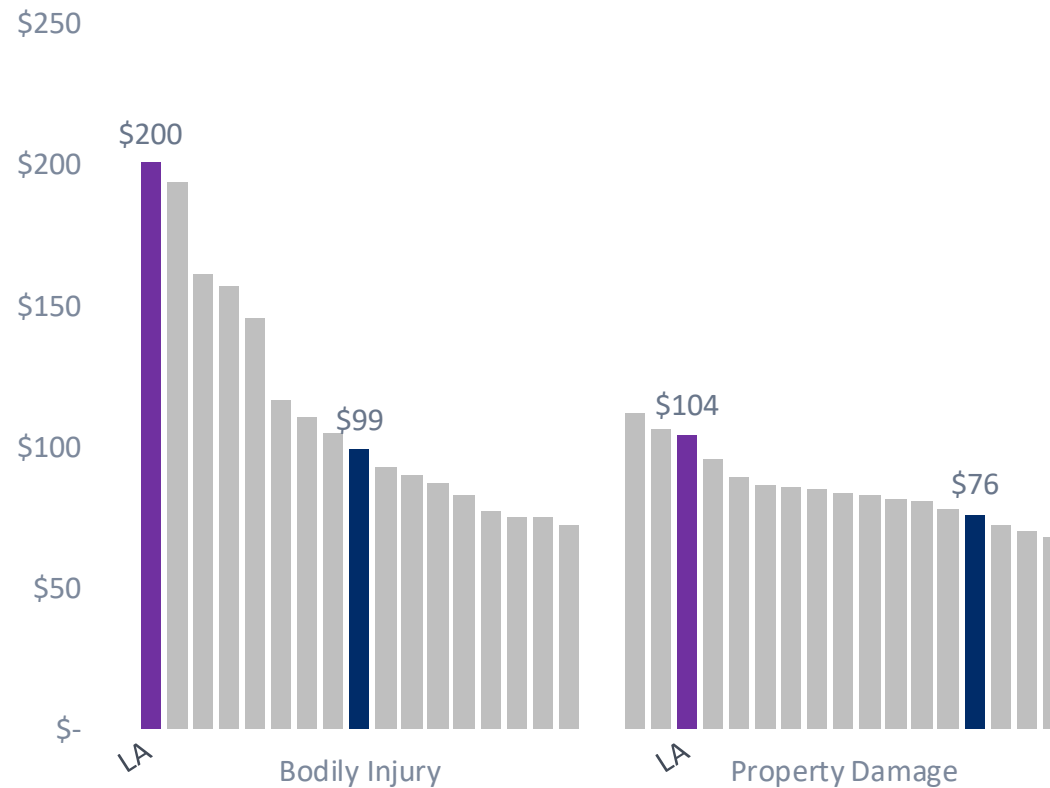
Analysis

- Louisiana makes 204% more bodily injury claims than the national average, but only 39% more property claims.
- The cost of these additional claims may be passed on to consumers throughout the state, but exact numbers are not known.



... Losses due to bodily injury claims are twice as high as the US Average

Losses per capita, 2020



Source: National Association of Insurance Commissioners. Data are for 2020.
Claims from Texas not included in the NAIC's analysis, so Texas is not included in the graphs on this page.

Analysis

- Combining with the last slide, the rates of Automotive Claims and Losses associated with **bodily injury** are a significant outlier
- **Property damage** claims/losses are above the national average, but not significantly so



Louisiana has higher auto premiums than what factors would predict

Urban population, Miles driven, and Disposable income cited as the three factors that affect rates

NAIC Variable score by state

	Urban population	Miles driven per mile of roadway	Disposable income per capita	Combined average premium
LA				\$ 1,743
FL				\$ 1,703
GA				\$ 1,513
TX				\$ 1,470
DE				\$ 1,389
MD				\$ 1,388
SC				\$ 1,332
MS				\$ 1,232
OK				\$ 1,172
AR				\$ 1,132
AL				\$ 1,128
WV				\$ 1,099
KY				\$ 1,078
TN				\$ 1,061
VA				\$ 1,055
NC				\$ 990

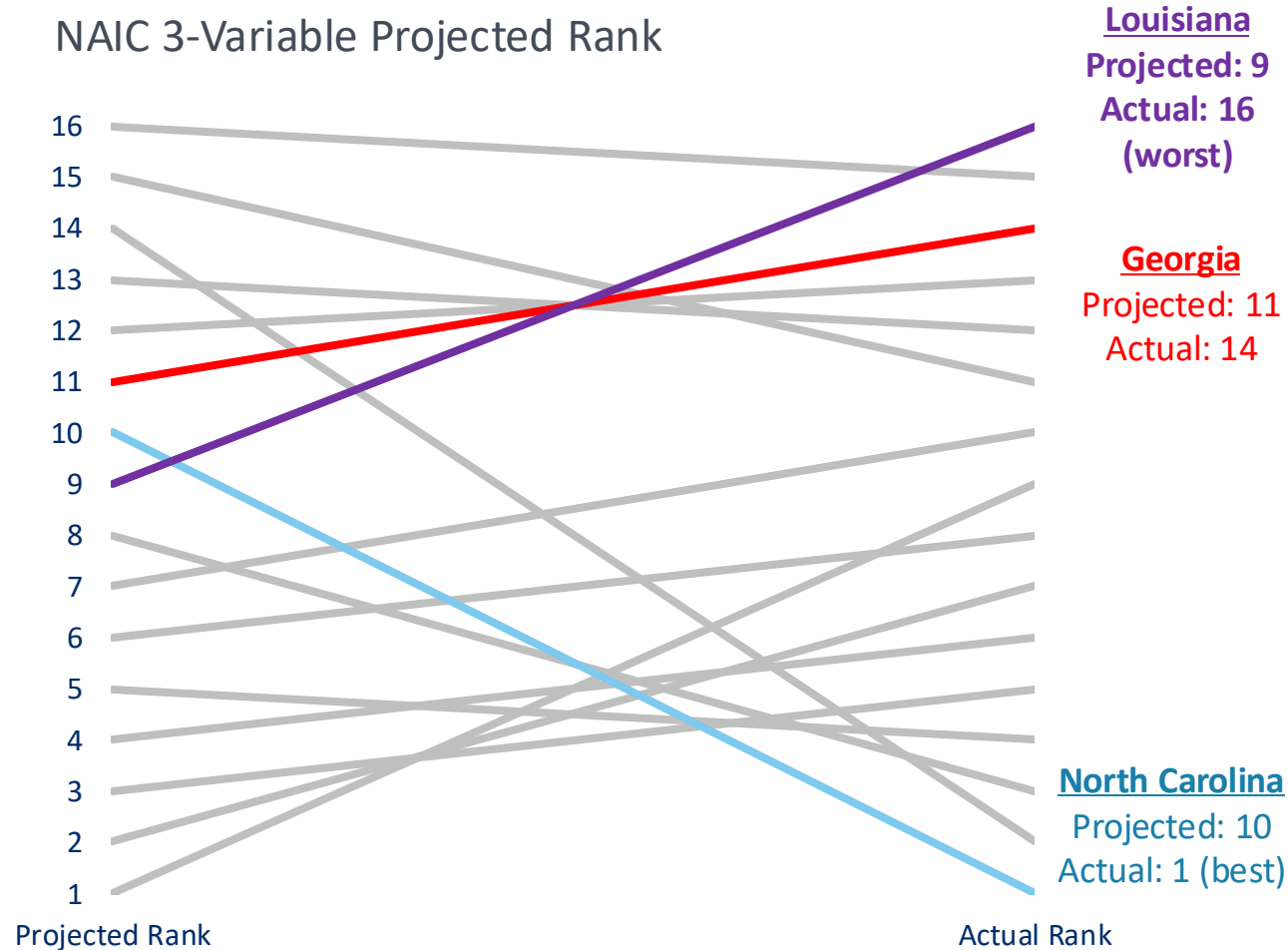
Analysis

- Louisiana average scores on the three key factors that influence premiums, according to US Insurance Commissioners
- Despite average rankings on the three variables, Louisiana has the highest premiums.
- Other factors may include traffic density, vehicle theft, and more



Louisiana ranks worse than projected values for auto insurance

Other states fare better than Louisiana compared to estimates



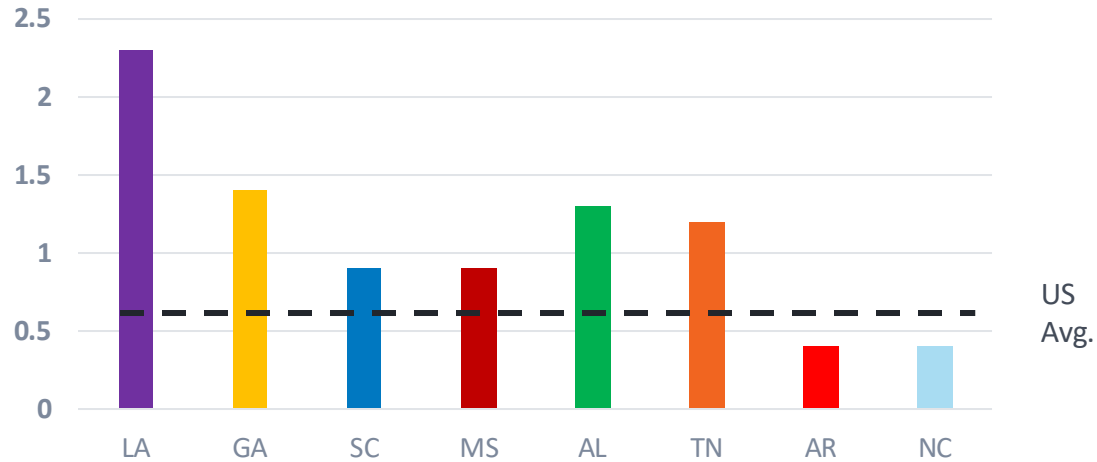
Analysis

- Louisiana premiums should be middle-of-the-pack according to these three variables, but instead are worst-in-the-South
- If Louisiana ranked 9th as projected, residents would pay \$500 less per year in auto insurance

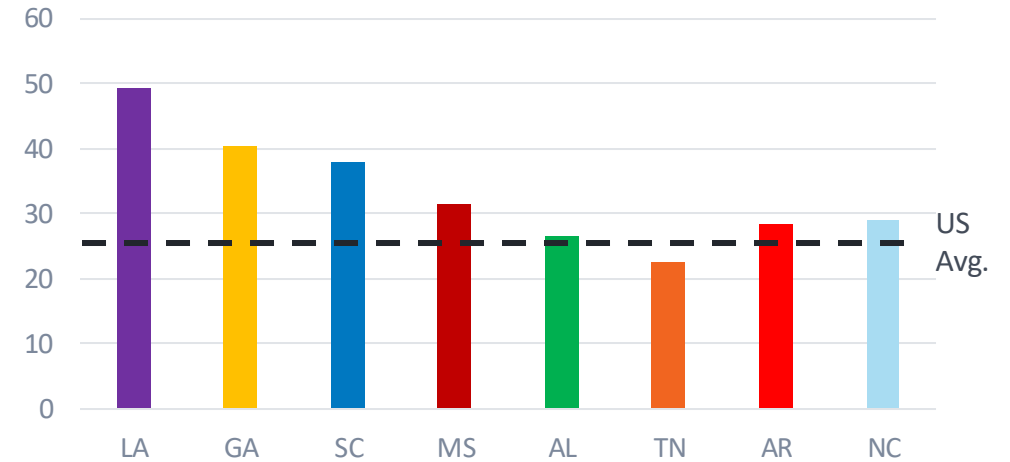


Factors most impacting LA auto insurance costs

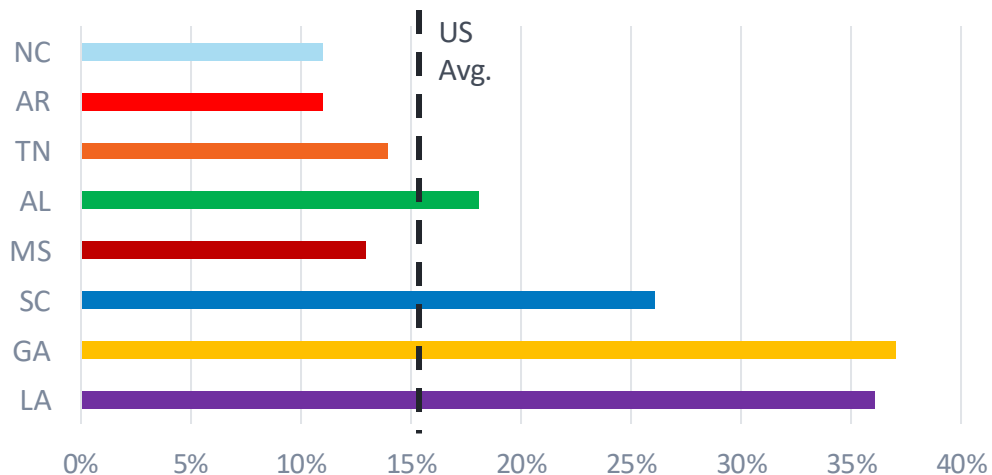
Claim Litigation



Injury Claim Relative Frequency



Underinsured Motorists Rate

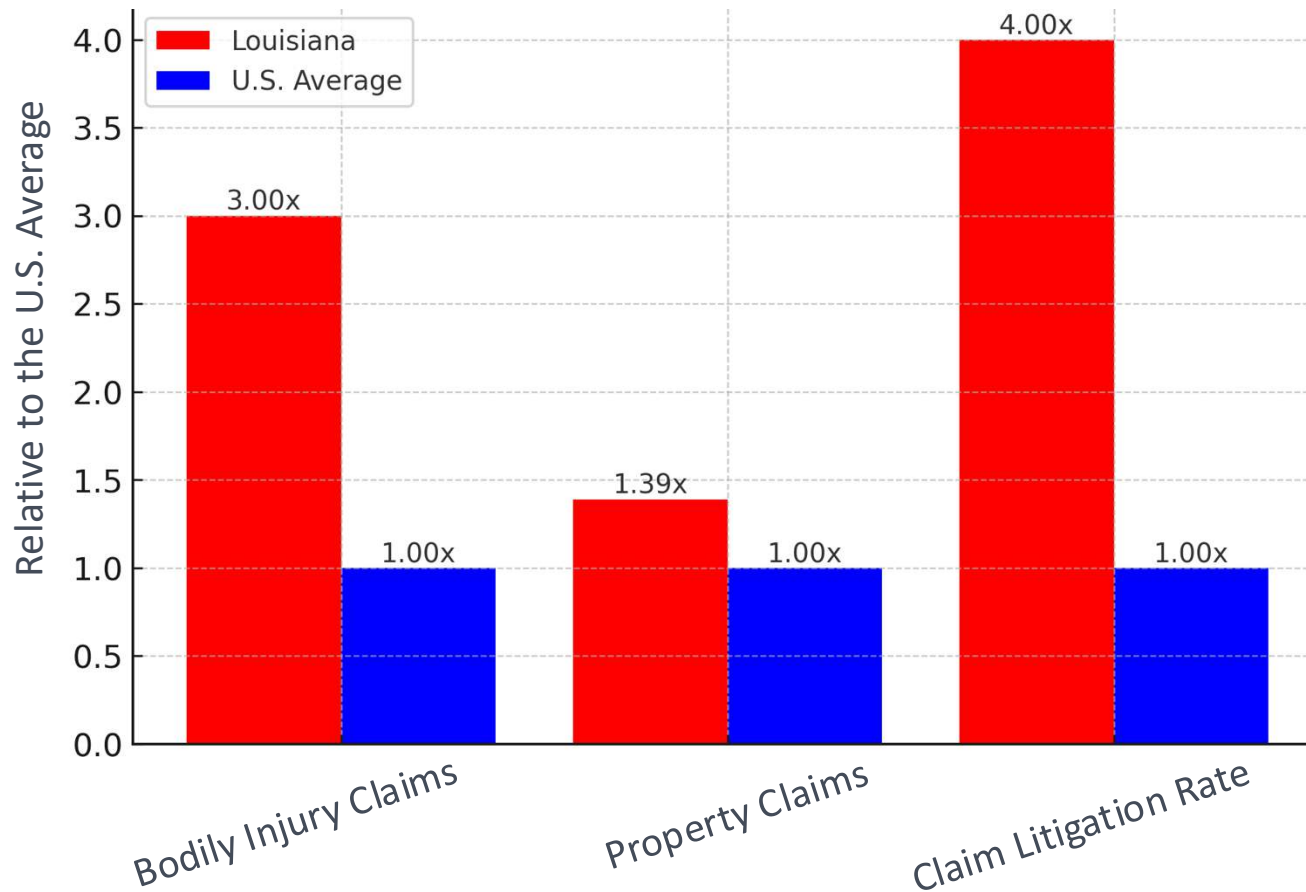


- LA's rate of Claim Litigation is almost 4x the US and 2x these Southern states
- 49% of LA accidents lead to a bodily injury claim, compared to 26% for US
- Accident frequency is only slightly higher than the national average (9.9%), but the tendency to file an auto injury claim was significantly higher than in Southern states
- 36% of accidents get filed by the accident victim to seek comp above the policy limits of the driver at fault (15.7%, US)

Viewed Together, Louisiana's Highest Relative Indicators Stand Out

Analysis

Claim Frequency and Litigation Impact: Louisiana vs. U.S. Average



- This suggests that the high rate of claim litigation and bodily injury claims are likely part of the picture of Louisiana's high premiums.



Conclusion



Key findings

- Louisiana has triple the number of bodily injury insurance claims and twice the amount of losses, compared to the national average.
- Louisiana's rate of claim litigation is four times the national average and two times the Southern states
- The rates of bodily injury claims and losses in Louisiana are substantially out of proportion to property claims and losses.
- While Louisiana ranks high for accidents, other states rank higher but have lower premiums.
- Louisiana doesn't rank highest on the three key variables that correlate to high auto premiums.
- Claim litigation, the relative frequency of filing injury claims, and the rate of underinsured motorist claims are the three most significant outliers among eight factors cited as cost drivers of personal auto insurance