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Insurance Research Council Study Finds Rising Medical Costs and Attorney Involvement Are Driving Up Auto Injury Claim Costs

MALVERN, Pa., July 30, 2026 — The Insurance Research Council (IRC) today released a new report, *Auto Injury Insurance Claims: A Study of Increasing Claim Severity*, finding that average auto injury claim payments rose sharply over the study period, outpacing medical care inflation, as rising rates of attorney involvement and litigation extended settlement timelines and drove up insurer costs.

The report is based on IRC's new Auto Injury Claims Analytics Database (AICAD), a collaborative data initiative built from claim-level, payment transaction, and medical bill data contributed by nine insurers representing approximately 43% of the U.S. private passenger auto insurance market. The resulting dataset covers more than 7.4 million auto injury claims closed with payment between mid-2017 and mid-2022.

Key findings include:

- **Claim severity rose sharply, accelerating after the pandemic.** Average bodily injury (BI) claim payments increased 7.8% annualized, from approximately $14,000 in 2017 to more than $20,000 in 2022, more than double the rate of medical care inflation. Growth was moderate before the pandemic but accelerated significantly in the years that followed.
- **General damages are amplifying medical costs into even larger settlements.** BI claimants received $2.00 in total settlement, excluding any legal fees, for every dollar of medical bills paid with this leverage ratio rising from $1.80 in mid-2017 to more than $2.30 by mid-2022.
- **Attorney involvement and litigation both increased significantly.** The share of claimants represented by attorneys, across all coverages combined, rose from 40% in 2017 to nearly 50% in 2022, with BI claimants seeing the largest gain (up 11 percentage points). Litigation rates nearly doubled over the same period, from 10% to 18% of claimants.
- **Attorney representation is associated with longer waits and lower net compensation.** Represented BI claimants waited a median of nearly 440 days for claim closure — more than double the time for unrepresented claimants — and netted less per dollar of medical bills ($1.40 versus $1.80) after accounting for medical costs and legal fees.

"Our new AICAD database gives us an unprecedented look at what's really driving up the cost of auto insurance claims," said Patrick Schmid, Ph.D., president of IRC. "Rising medical costs, boosted by general damages settlements, and increasing attorney involvement and litigation are all putting sustained upward pressure on claim severity — and, ultimately, on insurance affordability for consumers." Schmid is also chief insurance officer of the Insurance Information Institute (Triple-I).

About Insurance Research Council

The Insurance Research Council (IRC), affiliated with The Institutes, is an independent, nonprofit research organization supported by leading property and casualty insurance companies and associations. IRC provides timely and reliable research to all parties involved in public policy issues affecting insurance companies and their customers. IRC does not lobby or advocate legislative positions.

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