

## Louisiana Remains the Least Affordable State in the Country for Personal Auto Insurance, According to New IRC Study

*For Immediate Release*

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**NEW YORK, October 14, 2024** – Louisiana is the least affordable state in the nation for personal auto insurance, resulting from a combination of economic conditions, claims behavior, and the state’s litigation environment, according to the new research brief, [Auto Insurance Affordability in Louisiana](#) by the [Insurance Research Council](#) (IRC), an affiliate of The Institutes.

In 2022, the average annual expenditure for auto insurance in Louisiana was \$1,588 per vehicle, which is 40 percent higher than the national average of \$1,127 and higher than any other state except Florida, the report notes. Auto insurance costs accounted for 2.67 percent of the median household income in the state. Strong income growth in recent years has resulted in moderate improvement in this affordability measure since its peak in 2017, but Louisiana has maintained its decades-long streak as the least affordable jurisdiction for auto insurance.

“Affordability issues in Louisiana’s personal auto insurance stem from multiple factors,” said Dale Porfilio, FCAS, MAAA, president of the IRC. “These include a higher tendency to file injury claims when an accident occurs, a high underinsured motorist’s rate, and a high rate of claim litigation. These underlying cost drivers need to be addressed to improve affordability.”

Porfilio, who is also Chief Insurance Officer of the [Insurance Information Institute](#) (Triple-I), noted that the state’s culture of litigiousness is evident from many sources. “Attorney advertising data, surveys of business attitudes, and claims research all point to longstanding issues of legal system abuse in Louisiana.”

### Key findings:

- Median household income in Louisiana was 22 percent below the U.S. average. Combined with the state’s high premiums, the auto insurance expenditure share of income – IRC’s key measure of affordability – is 2.7 percent in Louisiana, compared with 1.5 percent in the U.S. overall.
- Injury coverages accounted for the largest share of insurance expenditures in Louisiana, 1.3 percent of income, double the share for the U.S. as a whole. Louisiana drivers spent 1.0 percent of their income for crash repair coverage and 0.4 percent to cover vehicle damage from weather or other non-crash causes.
- The IRC identified several factors that contribute to the rising cost of insurance in Louisiana including injury claim frequency, underinsured motorists, and claim litigation.
- Personal auto insurance expenditures in Louisiana were well above those in any other Southern state, as were most of the key underlying cost drivers.

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### 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.