

Louisiana, Florida Among Least Affordable States for Auto Insurance, New IRC Study Reveals

Malvern, PA. September 28, 2021— Louisiana, Florida and Michigan remain the least affordable states for auto insurance, while Iowa remains the most affordable state, according to a new study from the [Insurance Research Council](#) (IRC).

The report, *Auto Insurance Affordability: Countrywide Trends and State Comparisons*, looks at the auto insurance expenditure share of income, which ranges from a low of 1.02 percent in Iowa to a high of 3.09 percent in Louisiana.

In 2018 (the most recent year for which data are available), the average U.S. auto insurance expenditure was \$1,057. Median household income in 2018 was \$63,179. Thus, U.S. households spent 1.67 percent of their income on auto insurance, a slight increase from the previous year but significantly lower than the peak of 2.03 percent in 1993. Since 2018, Michigan has enacted reforms aimed at lowering auto insurance expenditures for Michigan's drivers.

While state-level data cannot directly address issues of affordability among traditionally underserved populations, collaborative efforts to reduce these key cost drivers can improve affordability for all consumers:

- **Accident frequency** – Traffic density, road conditions, etc., which lead to more frequent accidents in some states.
- **Repair costs** – Claim payment around private passenger auto damage, liability and collision claims combined.
- **Tendency to file injury claims** – The propensity to file an injury claim tends to be higher in less affordable states.
- **Injury claim severity** – The amount paid for an auto injury claim.
- **Medical utilization** – Use of expensive diagnostic procedures and medical treatments.
- **Attorney involvement** – Associated with higher claim costs and delays in settlement.
- **Claim abuse** – Insurance fraud is a factor in the high cost of insurance.

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