

*For immediate release*

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## **Home and Auto Insurance Less Affordable in Louisiana than in Any Other State in Nation, New Insurance Research Council Brief Finds**

**Wednesday, December 13, 2023, MALVERN, Pa.,**— Louisiana is the least affordable state in the country for both personal auto and homeowners insurance, resulting from a combination of multiple natural disasters, economic conditions and the state's litigation environment, according to a newly-released Insurance Research Council (IRC) [brief](#).

Louisianians spend a greater share of their income on personal insurance, compared to other states. In 2020, homeowners insurance expenditures as a percent of median income in Louisiana was 3.84 percent – nearly two times higher compared to the U.S. average of 1.94 percent. Only three other states, Florida, Oklahoma, and Mississippi, exceeded 3.00 percent. The disparity was similar for personal auto, with Louisiana ranking the highest in the country with expenditures equal to 2.93 percent of income, compared with the national average of 1.55 percent.

“Affordability issues in Louisiana’s personal insurance sector stem from multiple cost drivers,” said IRC President Dale Porfilio. “Rising auto repair and construction costs as well as claims litigation and the state’s relatively low household income have compounded the issues,” he said, adding that the insurance environment has led to the insolvencies of several carriers and the departure of key insurance providers from the market. “Many remaining insurers have opted to limit coverage and raise premiums.”

The analysis looks at the affordability of personal insurance for the overall population and does not address the issue of affordability for specific demographic or geographic risk profiles. It is also worth noting that the data to estimate affordability is available only through 2020, so this analysis does not reflect more recent increases in personal insurance rates.

### **Cost Drivers for Auto and Home**

In Louisiana, nearly every insurance cost driver is well above the national average. For personal auto, cost drivers include accident frequency, repair costs, injury claim frequency and severity, medical utilization, attorney involvement, uninsured motorists, litigation claims and expenses, the study notes. Similarly, for homeowners, cost drivers include claim frequency and severity of both catastrophe and non-catastrophe claims, weather risks, litigation claims and expenses.

“Louisiana has a very high level of attorney involvement in personal insurance claims,” said Porfilio. “The rate of litigation in personal auto claims in Louisiana is more than twice the national average – the second highest in the country, only surpassed by Florida. Homeowners claims in Louisiana were more than 12 times more likely to involve litigation, compared with states other than Florida.”

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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.