Personal Auto Insurance:

Variations in Affordability (State Rankings) from Key Cost Drivers

INSURANCE RESEARCH COUNCIL
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Cost Drivers by State in Order of Affordability

Red highlights show less favorable rankings; green highlights show more favorable rankings. See notes on next page.

	Expenditure Share of Income	Accident Frequency	Repair Costs	Injury Claim Relative Frequency	Injury Claim Severity	Expense Index	Uninsured Motorists	Underinsured Motorists	Claim Litigation
Hawaii	1	28	3	1	44	13	11	20	2
New Hampshire	2	30	8	5	37	6	12	4	5
Vermont	3	7	2	4	33	1	21	3	9
North Dakota	4	6	6	2	36	8	15	17	
Iowa	5	5	10	11	14	15	19	7	19
Nebraska	6	24	29	14	22	10	10	8	6
Maine	7	14	4	9	39	4	1	10	7
Alaska	8	8	51	21	26	23	28	16	18
South Dakota	9	4	9	8	32	7	9	14	10
Kansas	10	9	26	6	47	14	24	34	8
Virginia	11	37	5	22	19	30	29	22	30
Utah	12	35	28	17	35	41	2	33	15
Wisconsin	13	2	11	15	42	16	36	11	23
Idaho	14	11	15	16	9	17	3	13	4
Indiana	15	20	33	19	17	35	30	12	37
Minnesota	16	16	18	3	48	24	18	9	17
Wyoming	17	1	20	10	21	2	4	25	3
Montana	18	3	36	13	34	29	5	27	1
Washington	19	34	35	33	25	38	42	36	22
Massachusetts	20	50	7	23	6	27	7	6	20
Ohio	21	18	12	26	3	18	40	19	38
Illinois	22	32	23	24	30	39	35	5	32
Oregon	23	21	17	35	11	31	34	24	24
North Carolina	24	31	32	41	2	5	23	18	12
California	25	41	31	32	27	46	44	31	21
Tennessee	26	22	37	27	18	33	47	21	43
Pennsylvania	27	33	13	7	41	36	16	40	34
Maryland	28	48	14	44	7	28	38	2	42
Missouri	29	23	19	28	38	11	46	26	16
Colorado	30	19	47	18	45	26	43	51	11
District of Columbia	31	51	1	42	5	19	49	1	35
Connecticut	32	47	46	39	46	47	22	30	47
Oklahoma	33	29	34	36	4	12	25	46	27
Arizona	34	27	44	43	29	25	14	38	14
Arkansas	35	25	40	40	1	3	26	15	13
Kentucky	36	17	27	31	28	32	32	45	36
Delaware	37	42	21	37	23	43	39	42	45
New Jersey	38	44	42	12	50	48	31	37	50
West Virginia	39	10	24	29	16	9	6	35	28
New Mexico	40	13	16	30	8	37	50	44	29
Alabama	41	15	43	34	20	40	37	43	44
Nevada	42	40	30	49	43	45	17	49	40
Texas	43	46	39	38	24	34	33	29	41
Michigan	44				51	51	48	41	49
Rhode Island	45	49	50	46	13	22	27	28	39
South Carolina	46	36	48	48	10	21	13	39	33
Georgia	47	43	45	50	31	42	41	47	46
New York	48	45	49	20	49	49	8	23	
Mississippi	49	12	38	45	12	20	51	32	31
Florida	50	38	22	47	40	50	45	50	51
Louisiana	51	39	41	51	15	44	20	48	48

Key Drivers of State Variations in Personal Auto Insurance Costs

The affordability of personal auto insurance is ultimately determined by key underlying cost drivers. The specific factors driving high insurance costs can vary from state to state.

Expenditure as share of income (affordability index)—IRC calculates an index to measure the affordability of auto insurance. The affordability index is the ratio of average auto insurance expenditures to median household income. It measures the proportion of household income going to pay for auto insurance, where a higher index indicates less affordable insurance. Average auto insurance expenditures data are published by the National Association of Insurance Commissioners (NAIC) in their Auto Insurance Database Report; data are from 2023.

Accident frequency— Varying traffic density, road conditions, and other factors lead to more frequent accidents in some states. Differences in accident frequency are approximated by showing each state's number of property damage liability claims filed per 100 earned car years. The source is the Fast Track Monitoring System; data are from 2023.

Repair costs— The cost of repairing vehicles varies across states. The table shows the median claim payment amount for private passenger auto property damage liability and collision claims combined. The source is the Fast Track Monitoring System; data are from 2023.

Tendency to file injury claims— The propensity to file an injury claim tends to be higher in less affordable states. The ratio of bodily injury (BI) liability claim frequency to the frequency of auto property damage (PD) liability claims provides a measure of the likelihood of an injury claim being filed that accounts for differing accident rates. The source is the Fast Track Monitoring System; data are from 2023.

Injury claim severity—The amount paid per claim for auto injury insurance claims is a key cost driver. Because the mean payment is highly influenced by the policy limits in a given state, the median payment is shown. The source is the Fast Track Monitoring System; data are from 2023.

Expense index—The amount insurers spent to process, investigate, and litigate claims (loss adjustment expenses) as a percent of incurred losses. Based on the five-year average from the NAIC's Report on Profitability by Line by State in 2023.

Uninsured motorists— High rates of uninsured motorists can be both a symptom and a cause of a system with affordability challenges. The data shown are from IRC's study *Uninsured and Underinsured Motorists: 2017 – 2023*, with 2023 being the latest year available.

Underinsured motorists— High rates of underinsured motorists can be both a symptom and a cause of a system with affordability challenges. The data shown are from IRC's study *Uninsured and Underinsured Motorists: 2017 – 2023*, with 2023 being the latest year available.

Claims litigation— Claim litigation reflects the percentage of personal auto claims with litigation, based on data from NAIC's Market Conduct Annual Statement Scorecard and measured by the ratio of suits opened to claims closed without payment multiplied by the ratio of claims closed without payment to the total claims closed.

