

News Release

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IRC: U.S. Auto Claim Severity Surged During Pandemic

MALVERN, Pa., July 18, 2023 – While U.S. auto claim frequency has declined over the past 20 years, claim severity increased and then surged since the global pandemic began in 2020, according to a newly published report from the [Insurance Research Council \(IRC\)](#), a division of [The Institutes](#).

The IRC report, *Trends in Personal Auto Insurance Claims 2002–2022*, showed that claim severity accelerated beginning in the mid-2010s. During the pandemic years (2020–2022), claim frequency plummeted but claim severity skyrocketed, especially for vehicle damage claims, due in part to enormous inflationary pressures on replacement parts and auto body repair labor costs.

Claim frequency for both physical damage liability and bodily injury claims declined more than 2 percent annualized over the 21-year period from 2002 to 2022, the IRC report indicated.

“During the first half of the study period, the combination of declining frequency and increasing severity left average loss costs relatively unchanged,” said [Dale Porfilio](#), FCAS, MAAA, president, IRC. Porfilio also serves as chief insurance officer of the [Insurance Information Institute](#) (Triple-I).

Porfilio added, “However, as claim frequency leveled off and claim severity accelerated, the average payment per insured vehicle for most coverages began to climb steadily until the 2020 drop due to COVID-19. By 2022, average loss costs for nearly every coverage had surpassed the 2019 level.”

Other key findings of the IRC report included:

- **Claim Frequency:** Long-term declines in auto claim frequency, spurred by safety innovation, levelled off in mid-2000s, and the number of claims per insured vehicles generally stayed within a narrow range through 2019. Claim frequency plummeted during the COVID pandemic and remained below prepandemic levels in 2022.
- **Claim Severity:** The average payment per claim for most coverages increased steadily over the study period, with both physical damage (PD) and bodily injury (BI) claims growing more than 4½ percent annualized.
- **Average Loss Costs:** The average payment per insured vehicle increased more than 2¼ percent for both BI and PD claims over the study period, as increased severity more than offset declining frequency.

This update to the IRC’s longstanding *Trends* series uses data from the National Association of Insurance Commissioners, the Fast Track Monitoring System, and other sources to describe personal auto insurance trends at the national and state levels. The full report, [Trends in Personal Auto Insurance Claims 2002–2022](#), is available as a complimentary benefit for IRC members and for purchase by non-members.

About Insurance Research Council

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