

Affordability of Personal Auto Insurance 3x Worse in Louisiana Compared to Most Affordable State, IRC Study Finds

For immediate release

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NEW YORK, Aug. 25, 2022—The least affordable state for personal auto insurance continues to be Louisiana, where the share of household income going to pay for auto insurance was three time higher than in the most affordable state, according to a new study from the [Insurance Research Council](#) (IRC), a division of The Institutes.

“The Insurance Research Council study shows improving affordability of personal auto insurance, with expenditures as a percentage of median household income steadily declining between the 1990s and 2010s across the U.S. and dropping to 1.56% in 2019, the latest year for which data is available,” said Dale Porfilio, FCAS, MAAA, president, IRC. “However, our study indicated there is a 3:1 disparity in affordability between the least affordable and most affordable state.”

According to the IRC study, the three least affordable states for personal auto insurance, based on expenditures as a share of median household income, are:

- Louisiana (3.01%)
- Florida (2.42%)
- Michigan (2.33%)

The three most affordable states, based on expenditures as a share of median household income, are:

- Hawaii (0.95%)
- New Hampshire (0.99%)
- North Dakota (1.00%)

The IRC’s study, [State Variations in Auto Insurance Affordability](#), focused on the key drivers of the costs that underlie insurance pricing. Factors that determine affordability vary given the state-based regulatory system which governs auto insurance in the U.S. The criteria the IRC assessed when examining the 50 U.S. states and the District of Columbia included the following:

- Accident frequency
- Repair costs
- Injury claim relative frequency
- Injury claim severity
- Medical utilization
- Attorney involvement
- Claim abuse
- Uninsured motorists
- Litigation climate

Porfilio, who also serves as chief insurance officer of the Triple-I, said, “Our report seeks to illuminate these differences with a comprehensive state-by-state analysis that may help guide policymakers as they work to improve overall affordability of auto insurance in their market.”

In the 1990s, auto insurance expenditures averaged 1.93% of household income, dropping to 1.70% in the 2000s and 1.60% in the 2010s, the IRC study indicated. The arrival of the pandemic in 2020 and the increasing frequency and severity of auto accidents in 2021 and 2022 have changed the auto insurance market considerably since year-end 2019, an Insurance Information Institute (Triple-I) [Issues Brief](#) found earlier this year.

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