



#HeadsUp

Insurance Claims on the Rise



Vehicle crashes on the rise in Louisiana

The rise in traffic crashes on Louisiana roads is a major safety concern and increases costs for all auto insurance consumers

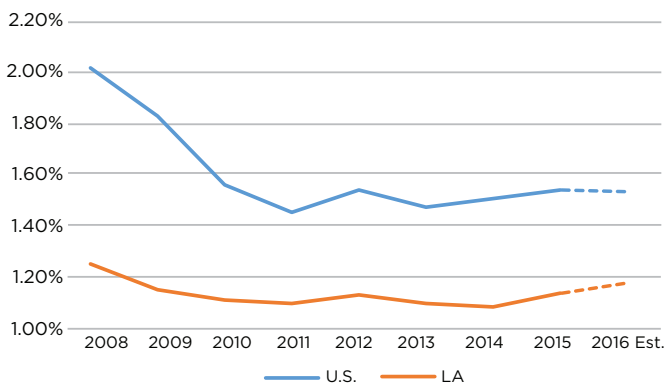
Introduction

America's roads have become increasingly dangerous as smartphone distractions, traffic congestion, impaired drivers, and other threats have contributed to a spike in the frequency and severity of auto crashes nationwide. The National Safety Council estimates that as many as 40,000 people died in motor vehicle crashes across the country in 2016. That marks a 10.4 percent increase over 2015, and a 14 percent increase over 2014--the most dramatic two-year escalation in more than 50 years.

Insurance industry data shows Louisiana is no exception, seeing a notable increase in the number of vehicle damage claims likely resulting from a greater number of car crashes. Drivers aren't just talking and texting. Increasingly, they're surfing the web, engaging on social media and using apps. Other factors such as more miles being driven on roads needing repair, higher speed limits, and more marijuana-impaired drivers also have been cited as contributing to rising numbers of crashes.

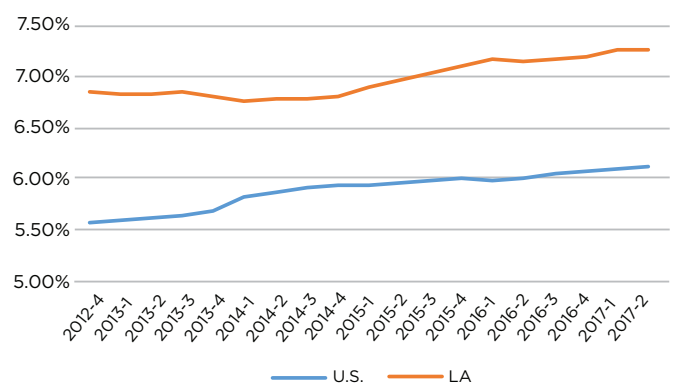
Auto safety is the first concern of auto insurers. However the increase in accident frequency and severity comes at a time when repair, labor, medical, and other costs associated with crashes also are rising. All of these can lead to an increase in insurance costs for consumers.

The number of fatal crashes in Louisiana is higher than the national average



Source: Federal Highway Administration - State Highway Statistics; National Safety Council - Motor Vehicle Fatality Estimates

Collision frequency in Louisiana is much higher than the countrywide average



Source: ISO/ISS/NISS PPA Fast Track Data - 4 Q Moving Avg

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Possible contributing factors

Potential reasons for Louisiana’s growing number of crashes, leading to injuries and fatalities, vehicle damage and higher insured losses, include but are not limited to the following:



New Orleans:

45 hours of traffic delays per auto, translating to **39.2 million hours total**.¹

Baton Rouge:

47 hours of traffic delays per auto, translating to **22.2 million hours total**.¹



No full cell phone ban, but partial hand-held ban in school zones and for novice drivers.²



Legalized medical marijuana since 2016.³



Unsafe driving behavior:

- More than half the fatal crashes in 2015 involved an unrestrained occupant in Louisiana, one of the highest such rates in the nation.⁴
- One in three traffic fatalities in 2014 involved a drunk driver with a BAC of .08 or higher.⁵

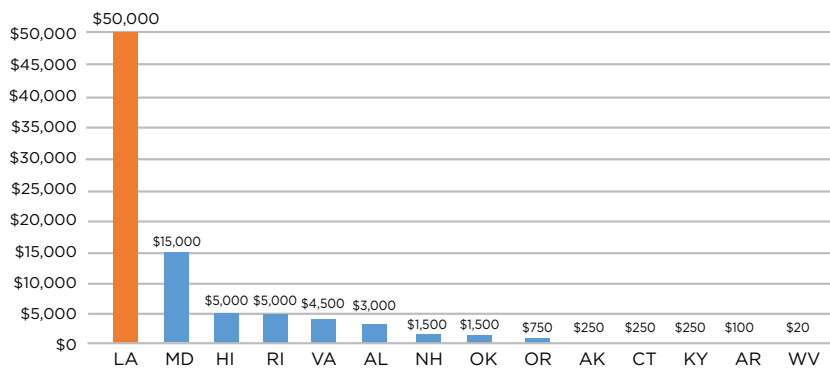
What can be done?

Policy options to reduce crash costs

- Allow insurers to work with auto body repair shops and glass companies to provide cost-effective and reliable repairs.
- Support the implementation and enforcement of fraud laws (chop shops, fraudulent medical billing, etc.).
- Support the implementation of tort reform, especially around jury trial thresholds. The high jury threshold is used to manipulate the court system and increase insurance costs. In addition, the tort environment contributes to the high frequency of bodily injury liability claims in Louisiana.

High threshold; high costs

Louisiana’s \$50,000 jury trial threshold is **3.3 times higher** than the next closest state, Maryland, at \$15,000



Source: Louisiana Lawsuit Abuse Watch

1 Source: <https://mobility.tamu.edu/ums/>

2 Source: <http://www.iihs.org/iihs/topics/laws/cellphonelaws/maphandheldcellbans>

3 Source: <https://www.leafly.com/news/politics/louisiana-clears-legislative-hurdle-to-dispensing-medical-marijua>

4 Source: <https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/812374>

5 Source: <https://crashstats.nhtsa.dot.gov/Api/Public/ViewPublication/812231>