

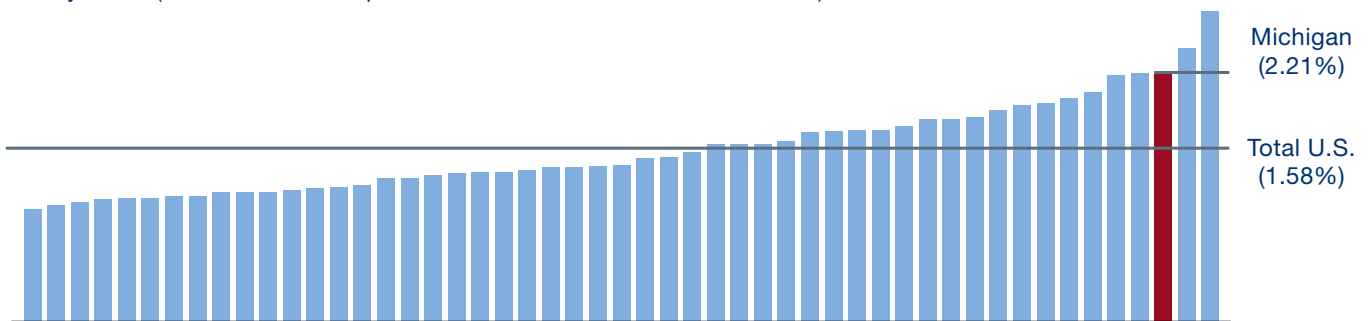
## Insurance Research Council

# Auto Insurance Affordability: Cost Drivers in Michigan

The report is part of a larger body of IRC research examining the issue of affordability by identifying the key underlying cost drivers. The specific factors driving high insurance claim costs can vary from state to state. In Michigan's unique system, with no limit on medical benefits and no fee schedule, PIP claim severity is very high and rising rapidly. Attorney involvement and litigation have increased significantly.

## Michigan's Rank Among Least Affordable States:

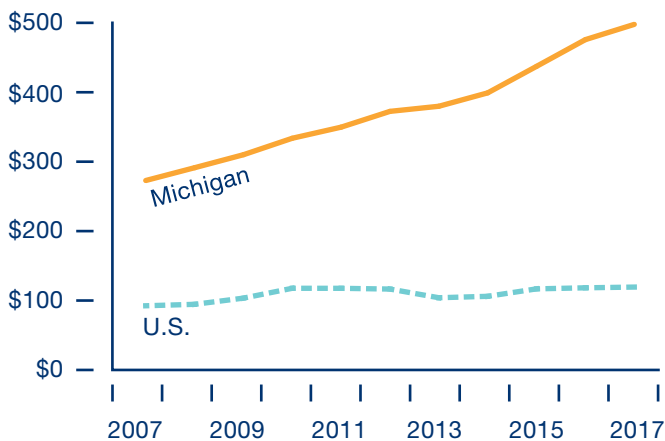
Affordability Index (Auto Insurance Expenditures as Percent of Median Income)



Based on 2013–2016 data. Only Louisiana and Florida showed higher affordability indices

## No-fault claim costs in Michigan are high and increasing rapidly:

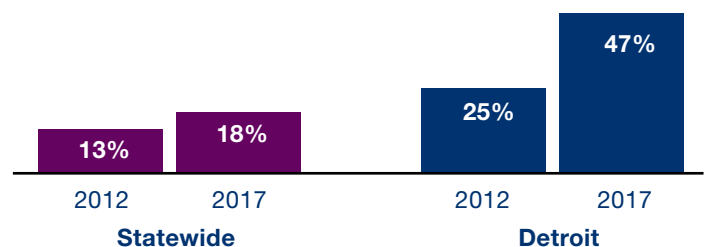
**PIP Average Loss Costs**  
(Average payment per insured vehicle)



Michigan's PIP average loss cost (the amount insurers paid per vehicle, including vehicles without claims) was more than four times the U.S. average in 2017. From 2007 to 2017, the average loss cost rose 6.2 percent, more than double the countrywide rate of increase.

## Attorney involvement rising:

**Attorney Involvement**  
(Percent of PIP claims with attorneys)



## Impact of unlimited benefits:

**Two Measures of Average Total PIP Payment in No-Fault States**

