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## **Florida Auto No-Fault Claim Costs Climb as the Seriousness of Injury Declines**

**MALVERN, Pa.**—Florida personal injury protection (PIP) claim costs (claimed economic losses and actual claim payments) increased at double-digit rates between 2002 and 2005, far outpacing the rate of inflation, according to a new Insurance Research Council (IRC) study. The average total claimed PIP economic loss, including medical expenses, wage loss, and other out-of-pocket expenses, increased 18 percent over the three-year period, reaching \$9,769 in 2005. Average claim payments increased 24 percent, from \$4,606 to \$5,712. During the same period, the general rate of inflation (all-item Consumer Price Index) was 9 percent, and the rate of inflation for medical services was 13 percent.

The recently released study, *Florida Auto Injury Insurance Claim Environment*, also documents that, as claim costs increased, the seriousness of injuries in Florida PIP claims declined. Seventy-one percent of PIP claimants had no disability resulting from their injuries in 2005, compared with 67 percent in 2002 and 66 percent in 1997. The percentage of PIP claimants with fewer than 10 days of restricted activity also grew, from 81 percent in 1997 and 86 percent in 2002, to 87 percent in 2005. Almost three-quarters (73 percent) of PIP claimants reported a sprain or strain as their most serious injury in 2005, compared with 68 percent in 2002 and 61 percent in 1997.

The utilization and cost of chiropractic services in Florida soared between 2002 and 2005, according to the study. Whereas 33 percent of all PIP claims included charges from chiropractors in 2002, 44 percent of the 2005 claims included chiropractic charges. The average total amount charged per claimant by chiropractors increased 35 percent over the three-year period, from \$4,837 to \$6,510.

PIP claimants in Florida also hired attorneys more frequently in 2005 than three years earlier. The study found that 45 percent of claimants in 2005 hired attorneys, compared with 34 percent in 2002.

**Insurance Research Council**

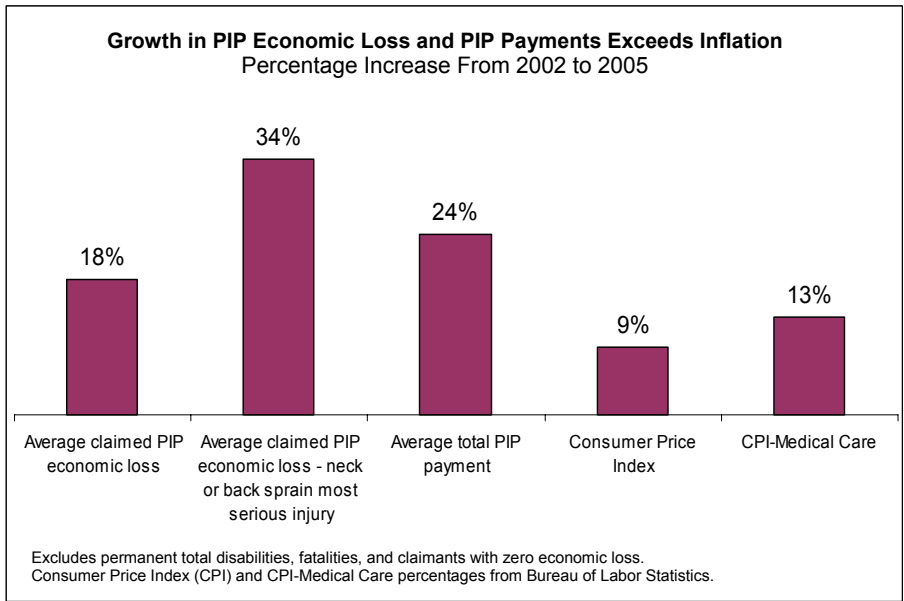
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“Rapidly increasing costs, combined with less serious injuries, explosive growth in the utilization of chiropractic services, and extensive attorney involvement are red flags indicating that the Florida no-fault system is in trouble,” said Elizabeth A. Sprinkel, senior vice president of the IRC.

The IRC study examines detailed claim information from more than 4,000 claims closed with payment during 2005. Ten insurers, representing more than 60 percent of the 2005 private passenger auto insurance market in Florida, participated in the study. For more detailed information on the study’s methodology and findings, contact Elizabeth Sprinkel by phone at (610) 644-2212, ext. 7568; by fax at (610) 640-5388; or by e-mail at [irc@cpcuiia.org](mailto:irc@cpcuiia.org); or visit the IRC’s Web site at [www.ircweb.org](http://www.ircweb.org). Copies of the study are available for \$100 each in the U.S. (\$115 elsewhere) postpaid from the Insurance Research Council, 718 Providence Rd., Malvern, Pa. 19355-0725. Phone: (610) 644-2212, ext. 7569. Fax: (610) 640-5388.

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PIP claimants	2002	2005
Average claimed economic loss	\$8,289	\$9,769
Average claimed economic loss - neck or back sprain most serious injury	6,855	9,162
Average total PIP payment	4,606	5,712