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## **Auto Injury Claimants in New York City Vastly Different From Claimants in the Rest of New York State, IRC Study Finds**

**MALVERN, Pa.**—A recent Insurance Research Council (IRC) study of auto injury insurance claims in the state of New York finds that claimants from the New York City metropolitan area exhibit very different claiming behaviors than claimants from the rest of the state. Despite the fact that New York City area claimants are not more seriously injured than other claimants, they receive significantly more medical treatment and report much higher economic losses, pushing up costs in the auto injury system. Moreover, the disparity between upstate and downstate claimants widened considerably from 1992 to 2002.

In 2002, economic losses reported under the personal injury protection (PIP) coverage averaged \$11,508 per claimant in the New York City area, nearly three times the \$3,869 average seen in the rest of the state. Reported economic losses include medical expenses, lost wages, and other expenses associated with the injury. In contrast, in 1992, reported economic losses were much more similar (\$5,140 among New York City area claimants, compared to \$4,677 among claimants in the rest of the state).

The study shows several aspects of claiming behavior in which New York City area claimants were much different from upstate claimants. The use of chiropractors, physical therapists, and alternative medical providers was more prevalent in the New York City metro area than in the rest of the state. Magnetic resonance imaging (MRI) and electromyography (EMG) were much more widely used among New York City area claimants. Treatment at pain clinics was much more common in the New York City area. Also, the rate of attorney involvement was significantly higher in the New York City area than in the rest of the state.

Claim abuse has long been a concern for the New York no-fault system. The IRC study estimates that excess payments from paid fraud and buildup claims statewide were between 30 and 36 percent of total PIP payments in 2002. That is, fraud and buildup added an estimated \$600 to \$720 million to the total dollars insurers paid for New York PIP claims in 2002. The study also found that claims from the New York City metro area were much more likely than those from the rest of the state to be judged by file reviewers to involve the appearance of fraud and/or buildup. Nearly one in four (21 percent) PIP claims from the New York City area appeared to involve some element of fraud, compared with just 2 percent of claims from the rest of the state. The appearance of buildup was noted among 42 percent of New York City area PIP claimants but in just 7 percent of upstate claimants.

“Recent statistics for the state of New York have provided some encouraging news from that troubled system, but this statewide data masks some widely divergent trends between claimants from the New York City area and claimants from the rest of the state,” said Elizabeth A. Sprinkel, senior vice president of the IRC. “Such discrepancies may impede continuing improvement in the state’s auto insurance system.”

This report examines the New York portion of a countrywide study of 72,354 claims that closed with payment in 2002. Thirty-two insurers, representing 58 percent of the 2002 private passenger auto insurance market in the U.S., participated in the study. The number of closed New York PIP claims in the 2002 sample totaled 1,942. This report also references data collected in previous IRC closed claim studies.

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@cpcuia.org](mailto:irc@cpcuia.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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