

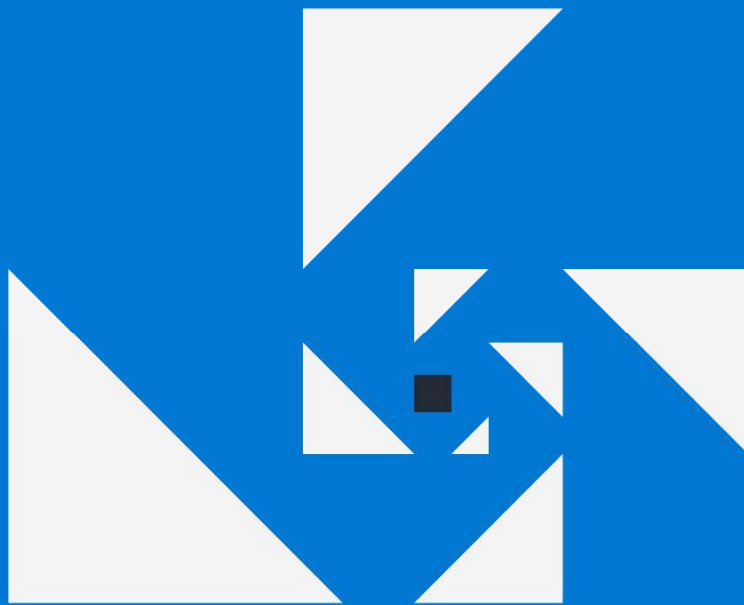
MILLIMAN REPORT

# Trends in Attorney Representation: US Private Passenger Automobile Insurance

Prepared for: American Property Casualty Insurance Association

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Derek Jones, FCAS, MAAA  
Philip S. Borba, PhD, CSPA



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# INTRODUCTION

The American Property Casualty Insurance Association (APCIA) requested assistance from Milliman, Inc. (Milliman) in the analyses of the incidence of attorney involvement and losses for private passenger automobile liability insurance coverages.

This report covers the analyses Milliman has performed for claims closed during 2012 through 2022 for accidents covered by private passenger automobile liability insurance policies in the US.

# BACKGROUND

Private passenger automobile liability insurance is the insurance coverage offered by property-casualty insurance companies and purchased by individuals to cover losses from accidents attributed to vehicles owned and/or operated by the individual. The vehicles include sedans, small trucks, SUVs, motorcycles, recreational vehicles, and other motorized vehicles. The losses can include damage to property (generally, the physical damage of vehicles) and liability losses (generally, payments for medical treatments and economic damages to individuals injured in the accidents).

Our analyses focused on liability claims covered by private passenger automobile insurance in the US that closed between January 1, 2012 and December 31, 2022. The claims closed during a particular calendar year include accidents that occurred during the current year as well as accidents occurring in prior years that closed during the current year.

# EXECUTIVE SUMMARY

In response to a data call developed by Milliman, data were provided by nine property-casualty insurance companies with national or very large regional presences in the writing of private passenger automobile coverages. The nine insurance companies were a cross-representation of private passenger automobile insurers, with various strategies for the types of private passenger automobile vehicles they covered.

The data call gathered information on private passenger automobile claims that closed between January 1, 2012, and December 31, 2022. This information included total losses, allocated loss adjustment expenses, the incidence of attorney representation, the number of days between the date of the accident and the date reported to the insurance company, and the number of days between the date of the accident and the date the claim was closed by the insurance company. Data were provided directly to Milliman, and Milliman aggregated the data to perform the analyses.

**Attorney Involvement.** During the 2012-2022 claim closure years, there was an increase in the percentage of claims with attorney involvement. An attorney was involved in 11.5% of the claims that closed in 2012, and this representation increased to 13.6% for claims that closed in 2018 and 15.3% for claims that closed in 2022. Also, attorney involvement varies widely across states. In some states, more than 20% of the claims are settled with attorney involvement, while in other states attorneys are involved in fewer than 3% of the claims. Further, the differences between the average loss payments for claims with and without attorney involvement varies across states. In some states, the average loss payment for claims with attorney involvement is more than 10 times the average payment for the no-attorney involvement claims; in other states, the with/without attorney involvement difference in average loss payments is less than a factor of 5.

**Loss Experience.** The analyses produced the annual change in average loss payments for all claims, claims with no attorney involvement, and claims with attorney involvement. For each group, the annual change in average loss was higher for claims that closed during 2018-2022. For claims that closed between 2013 and 2017, the average annual change was 3.2% for claims with no attorney involvement, the average annual change for claims with attorney involvement was 0.04%. By contrast, for all claims that closed between 2018 and 2022, the average annual change

for claims with no attorney involvement was 8.7%; for claims with attorney involvement, the average annual change was 7.6%. Although the average annual changes for claims with attorney involvement appear less than the average annual changes for claims with no attorney involvement, the average loss for claims with attorney involvement is more than five times the average loss for claims with no attorney involvement and the percent of claims with attorney involvement increased by more than 30% between 2012 and 2018 (from 11.5% in 2012 to 15.3% in 2018).

**Allocated Loss Adjustment Expenses (ALAE).** The annual change in average ALAE was higher for claims that closed during 2018-2022. For claims that closed between 2013 and 2017, the average annual change in ALAE was a decrease of 3.3% for claims with no attorney involvement, for claims with attorney involvement, the average annual ALAE increased 2.1%. By contrast, for claims that closed during 2018-2022, the average annual ALAE increased by 14.9% and 6.0%, respectively, for claims with no attorney involvement and claims with attorney involvement.

**Cycle Time.** Two periods in the claim cycle were analyzed: (1) the reporting lag (the number of days from the date of accident to the date the claim was reported to the insurer), and (2) the claim processing time (the number of days from the date reported to the insurer to claim closure). Generally, the reporting lag is not materially different for attorney involvement or across the years in the present analysis. By contrast, the processing time is much longer for claims with attorney representation. For claims without attorney representation, 66.5% were closed within 90 days while 1.9% were closed more than 2 years after being reported to the insurer. Claims with attorney representation require much more time to close with only 8.8% within 90 days and 21.0% closing more than 2 years after being reported to the insurer.

Also, for both claims with no attorney involvement and claims with attorney involvement, there has been an increase in the claim processing time. For claims without attorney representation, while 12.4% of the claims that closed in 2012 had been reported more than 180 days prior to closure, for claims that closed in 2022, 24.6% had been reported more than 180 days prior to closure. For claims with attorney representation, while 76.4% of the claims that closed in 2012 had been reported more than 180 days prior to closure, for claims that closed in 2022, 81.5% had been reported more than 180 days prior to closure.

**Distribution of Losses.** Over the 2012 to 2022 closure years, there was a substantial shift in the distribution of claims and losses for both claims without attorney involvement and claims with attorney involvement. For claims without attorney involvement, claims with a loss payment over \$10,000 increased from 4.7% in 2012 to 14.0% in 2022. Losses for claims with a loss payment over \$10,000 increased from 31.4% in 2012 to 49.8% in 2022. For claims with attorney involvement, loss payments over \$75,000 accounted for 6.2% of the claims that closed in 2012 and 42.9% of the with-attorney losses. For claims that closed in 2022, the claims with loss payments over \$75,000 accounted for 10.2% of the with-attorney claims and 48.0% of the with-attorney losses.

**Distribution of ALAE.** For claims with no attorney involvement, there was a substantial increase in the ALAE among the small share of claims with highest claim adjustment expenses. For claims that closed in 2012, the claims with ALAE over \$10,000 accounted for 0.1% of the claims and 27.4% the ALAE. For no-attorney involvement claims that closed in 2022, the claims with more than \$10,000 of ALAE continued to account for only 0.1% of the no-attorney involvement claims but the share of ALAE increased to 52.7% of the ALAE for the no-attorney involvement claims. For claims with attorney involvement, there were substantial shifts in both the distribution of claims and ALAE. For claims that closed in 2012, the claims with ALAE over \$10,000 accounted for 4.3% of the with-attorney involvement claims and 63.1% the ALAE. For with-attorney involvement claims that closed in 2022, the claims with more than \$10,000 of ALAE increased to 8.1% of the with-attorney involvement claims and 78.4% of the ALAE for the with-attorney involvement claims.

## DATA

In response to a data call developed by Milliman, data were provided by nine property-casualty insurance companies with national or very large regional presences in the writing of private passenger automobile coverages. The nine insurance companies were a cross-representation of private passenger automobile insurers, with various strategies for the types of private passenger automobile vehicles they covered. In terms of premiums written, five of the companies were among the 25 largest private passenger automobile insurance companies in the US in 2022.

The data call gathered information on private passenger automobile claims that closed between January 1, 2012 and December 31, 2022. This information included total losses, allocated loss adjustment expenses, the incidence of attorney representation, the number of days between the date of the accident and the date reported to the insurance company, and the number of days between the date of the accident and the date the claim was closed by the insurance company. Data were provided directly to Milliman, and Milliman aggregated the data to perform the analyses.

In this study, “loss” is used in the typical insurance context for the amount an insurer pays to a claimant. This amount could be an amount the claimant and insurer agree to or an amount determined through a court process (including verdicts). The loss includes payments for the attorney representing the claimant but does not include the attorney costs incurred by the insurer. Allocated loss adjustment expenses (ALAE) are expenses paid by an insurer to resolve a claim. These expenses can include payments for special investigations, attorney fees for attorneys representing the insured, police reports, and other expenses that can be assigned (that is, “allocated” to a specific claim). ALAE does not include the overhead expenses for a claim operation (such as office expenses and computer expenses). In this study, references to “attorney involvement” mean attorney representation for the claimant and not whether the insurer was represented by an attorney.

Data were also provided for the number of days between the date of an accident and the date the accident was reported to the insurance company. This span of dates is often referred to as the “report lag.” Short reporting lags are considered better for claim resolution because they provide insurance companies the opportunity to investigate the causes and the circumstances of an accident and to attend to the medical needs of injured parties soon after an accident. Data were also provided for the number of days between the date of an accident and the date the claim was closed by the insurance company. This span of dates is often referred to as the “cycle time” because it captures the full time cycle of a claim from date of accident to date of closure, including time for investigations and resolution with the injured parties. Short cycle times are considered better for insurers because they typically correspond to fewer disputes and lower claim adjustment expenses.

## LOSS EXPERIENCE

Table 1 presents the countrywide loss experience for the private passenger automobile liability line of business for the 2012-2022 claim closure years. Data in Table 1 excludes claims that closed without payment.

- Columns (2)-(7) present the percent of claims without and with attorney involvement and the average loss payment for all claims, claims without attorney involvement, and claims with attorney involvement.
- Column (8) presents the ratio of the average loss payment for claims with attorney involvement to the average loss payment for claims without attorney involvement. For example, for claims that closed in 2012, the average loss for claims with attorney involvement was \$21,716 and the average loss for claims without attorney involvement was \$3,266, for a ratio of 6.6 in column (8).
- Columns (9)-(11) present the change in average loss for all claims, claims without attorney involvement, and claims with attorney involvement. For example, for all claims that closed in 2013, the annual change was 4.0% (from \$5,389 for all claims that closed in 2012 to \$5,602 for all claims that closed in 2013).

Many factors influence which claims have attorney involvement, including but not limited to the complexity of the accident, the severity of injuries, statutory considerations, economic factors, and interest by injured workers' attorneys. While care must be made when comparing claims with and without attorney involvement, trends in the two types of claims can be noted,

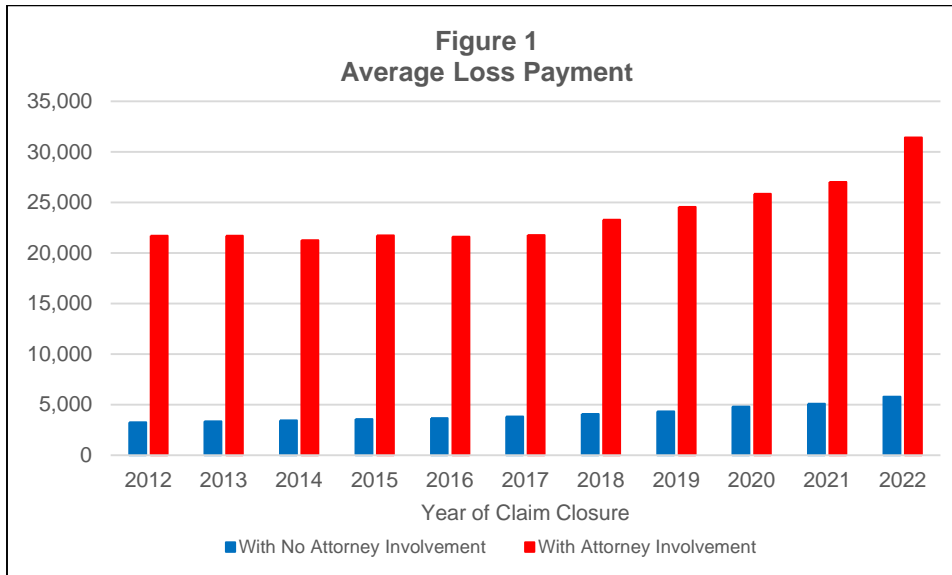
During the 2012-2022 claim closure years, there was an increase in the percentage of claims with attorney involvement. An attorney was involved in 11.5% of the claims that closed in 2012, and this representation increased to 13.6% for claims that closed in 2018 and 15.3% for claims that closed in 2022.

The last three columns in Table 1 present the annual change in average loss for all claims, claims with no attorney involvement, and claims with attorney involvement. For each group, the annual change in average loss was higher for claims that closed during 2018-2022. For all claims that closed between 2013 and 2017, the average annual change was 2.6%; for claims with no attorney involvement, the average annual change was 3.2%; and for claims with attorney involvement, the average annual change was 0.04%. By contrast, for all claims that closed between 2018 and 2022, the average annual change was 9.7%; for claims with no attorney involvement, the average annual change 8.7%; and for claims with attorney involvement, the average annual change was 7.6%. Although the average annual changes for claims with attorney involvement appear less than the average annual changes for claims with no attorney involvement, the average loss for claims with attorney involvement is more than five times the average loss for claims with no attorney involvement and the percent of claims with attorney involvement increased by more than 30% between 2012 and 2018 (from 11.5% in 2012 to 15.3% in 2018).

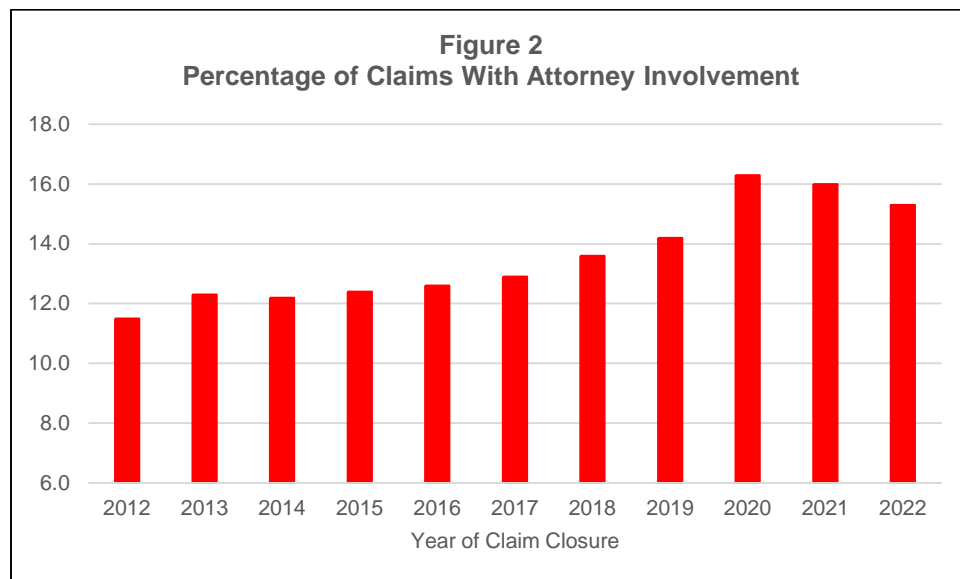
**Table 1**  
**COUNTRYWIDE AVERAGE LOSS PAYMENTS, WITH AND WITHOUT ATTORNEY INVOLVEMENT**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Closed Year	All		Attorney Involvement				Attorney Involvement/ No Attorney Involvement		Attorney Involvement	
			No		Yes			All	No	Yes
	Total Loss Payment		Total Loss Payment		Total Loss Payment		Annual Change in Average Loss			
	Percent of Claims	Average Loss	Percent of Claims	Average Loss	Percent of Claims	Average Loss		Average Loss	Average Loss	Average Loss
2012	100.0	5,389	88.5	3,266	11.5	21,716	6.6			
2013	100.0	5,602	87.7	3,353	12.3	21,693	6.5	4.0%	2.7%	-0.1%
2014	100.0	5,616	87.8	3,435	12.2	21,258	6.2	0.2%	2.4%	-2.0%
2015	100.0	5,820	87.6	3,564	12.4	21,730	6.1	3.6%	3.8%	2.2%
2016	100.0	5,930	87.4	3,672	12.6	21,601	5.9	1.9%	3.0%	-0.6%
2017	100.0	6,134	87.1	3,820	12.9	21,759	5.7	3.4%	4.0%	0.7%
2018	100.0	6,678	86.4	4,068	13.6	23,297	5.7	8.9%	6.5%	7.1%
2019	100.0	7,197	85.8	4,337	14.2	24,551	5.7	7.8%	6.6%	5.4%
2020	100.0	8,231	83.7	4,805	16.3	25,851	5.4	14.4%	10.8%	5.3%
2021	100.0	8,594	84.0	5,095	16.0	27,029	5.3	4.4%	6.0%	4.6%
2022	100.0	9,703	84.7	5,793	15.3	31,423	5.4	12.9%	13.7%	16.3%

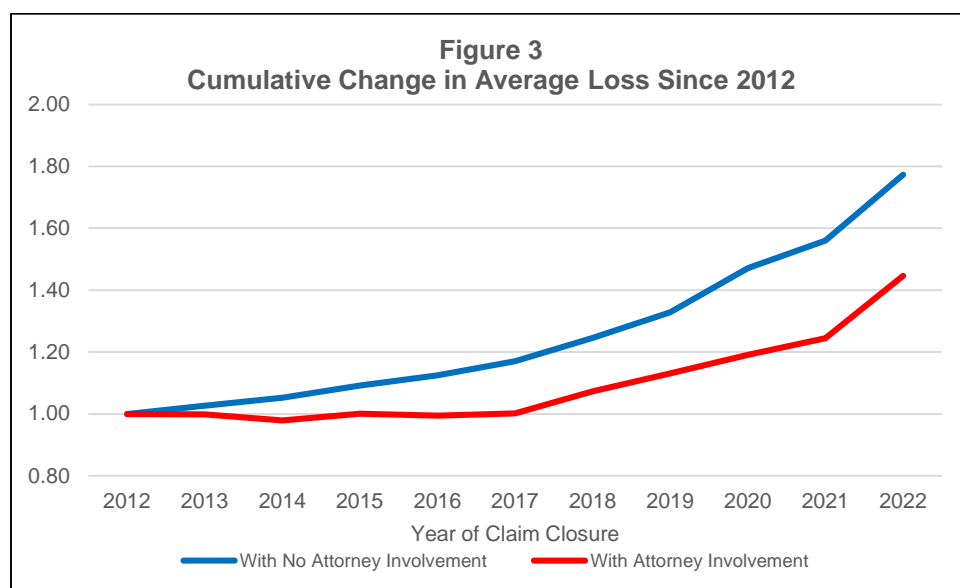
In Table 1, columns (5) and (7) present the annual average loss payment and column (8) presents the ratio of the two average loss payments. These results are presented graphically in Figure 1. The left-hand (blue) bars present the average loss payments for claims with no attorney involvement and the right-hand (red) bars present the average loss payments for claims with attorney involvement. As reported in Table 1, the with-attorney average payments in Figure 1 are roughly five to seven times the no-attorney average payments.



In Table 1, column (6) showed the percentage of claims with attorney involvement. Figure 2 shows that, for all states combined, the percentage of claims with attorney involvement has grown significantly from 2012 to 2022. From approximately 12% of claims that closed in 2012 to 2016, attorney involvement has increased to approximately 16% of claims that closed in 2020 through 2022.



As shown in Table 1, the average loss for claims without attorney involvement has increased at a greater rate than claims with attorney involvement. The annual average losses in columns (5) and (7) in Table 1 were used in Figure 3 to show the cumulative growth from closure year 2012 to closure year 2022 for each subset of claims. With the two sets of average payments indexed at 1.00 for closure year 2012, the index in Figure 3 for claims with no attorney involvement increases to 1.77 (that is, a 77% increase) for closure year 2022 and to 1.45 (a 45% increase) for claims with attorney involvement.





For claims closed during 2012 through 2022, Table 2 presents the average loss by state for all claims and separately for claims without and with attorney involvement. The columns in Table 2 for the average loss payment by state are laid out in the same manner as the columns in Table 1 for the countrywide loss payments. Following are key observations from the results in Table 2.

- Attorney involvement varies widely by state (column (6) in Table 2). The three states with the highest attorney involvement were Nevada (23.2%), Ohio (23.1%), and Rhode Island (22.8%). The states with the lowest attorney involvement were Wyoming (1.4%), South Dakota (2.0%), and North Dakota (2.6%).
- The three states with the highest all-claims average loss payment were Louisiana (\$10,307), Nevada (\$10,152), and Florida (\$10,107) (column (3)). The jurisdictions with the lowest average loss payment were District of Columbia (\$4,803), Massachusetts (\$4,846), and North Carolina (\$5,077).
- For claims with attorney involvement, there is much more variability by state (column (5)). The three states with the highest average loss payment were Wyoming (\$94,533), North Dakota (\$74,034), and Vermont (\$52,023).<sup>1</sup> The jurisdictions with the lowest loss payment for claims with attorney involvement were District of Columbia (\$12,469), Maryland (\$13,884), and Massachusetts (\$14,449).
- For claims with no attorney involvement, there was much less variability by state (column (7)). The three states with the highest average loss payment were Wyoming (\$6,710), West Virginia (\$6,840), and Louisiana (\$6,620). The jurisdictions with the lowest loss payments for claim with no attorney representation were Michigan (\$2,730), District of Columbia (\$2,922), and Massachusetts (\$3,464).
- The three states with the highest ratio of average loss payment for claims with attorney involvement to the average loss payment for claims with no attorney involvement were Michigan (18.1), North Dakota (15.5), and Vermont (13.7) (column (8)). The states with the lowest ratios were Nevada (3.4), Louisiana (3.6), and Rhode Island (3.7).

**Table 2**  
**AVERAGE LOSS PAYMENTS BY STATE, WITH AND WITHOUT ATTORNEY INVOLVEMENT**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Loss State	All		Attorney Involvement				Attorney Involvement/ No Attorney Involvement Average Loss
			No		Yes		
	Total Loss Payment		Total Loss Payment		Total Loss Payment		
	Percent of Claims	Average Loss	Percent of Claims	Average Loss	Percent of Claims	Average Loss	
AK	100.0	6,910	95.5	5,385	4.5	38,945	7.2
AL	100.0	6,549	87.5	4,236	12.5	22,711	5.4
AR	100.0	6,119	89.3	4,493	10.7	19,657	4.4
AZ	100.0	7,576	85.2	4,945	14.8	22,702	4.6
CA	100.0	6,797	87.1	4,260	12.9	23,981	5.6
CO	100.0	7,729	92.2	4,905	7.8	41,237	8.4
CT	100.0	8,556	81.0	3,958	19.0	28,152	7.1
DC	100.0	4,803	80.3	2,922	19.7	12,469	4.3
DE	100.0	8,202	86.6	4,717	13.4	30,790	6.5
FL	100.0	10,107	77.9	3,807	22.1	32,336	8.5
GA	100.0	8,095	78.4	4,317	21.6	21,770	5.0

<sup>1</sup> Throughout this report, the results by state should be viewed in the light of situations with small claim counts and outlier claim outcomes. In the present case, the high average loss payments for Wyoming and North Dakota are for two of the least populous states, where a small number of outlier claim payments may have produced unusually large average payments.

HI	100.0	6,494	93.6	3,892	6.4	44,512	11.4
IA	100.0	5,496	94.6	4,121	5.4	29,667	7.2
ID	100.0	5,711	94.5	4,539	5.5	25,692	5.7
IL	100.0	6,884	89.3	3,902	10.7	31,758	8.1
IN	100.0	6,538	89.6	3,992	10.4	28,591	7.2
KS	100.0	6,201	94.6	4,320	5.4	39,109	9.1
KY	100.0	8,640	79.8	4,874	20.2	23,480	4.8
LA	100.0	10,307	78.2	6,620	21.8	23,558	3.6
MA	100.0	4,846	87.4	3,464	12.6	14,449	4.2
MD	100.0	5,574	80.5	3,559	19.5	13,884	3.9
ME	100.0	5,623	94.6	3,747	5.4	38,288	10.2
MI	100.0	8,103	88.5	2,730	11.5	49,469	18.1
MN	100.0	6,083	91.7	3,919	8.3	30,132	7.7
MO	100.0	6,287	90.4	4,157	9.6	26,436	6.4
MS	100.0	7,179	87.7	4,692	12.3	24,834	5.3
MT	100.0	7,481	94.2	5,149	5.8	45,652	8.9
NC	100.0	5,077	88.2	3,605	11.8	16,069	4.5
ND	100.0	6,602	97.4	4,776	2.6	74,034	15.5
NE	100.0	5,721	94.5	4,228	5.5	31,163	7.4
NH	100.0	5,529	93.6	3,586	6.4	34,150	9.5
NJ	100.0	9,300	86.3	4,489	13.7	39,612	8.8
NM	100.0	6,993	90.7	4,897	9.3	27,401	5.6
NV	100.0	10,152	76.8	6,470	23.2	22,317	3.4
NY	100.0	8,170	89.4	4,070	10.6	42,660	10.5
OH	100.0	7,158	76.9	4,248	23.1	16,832	4.0
OK	100.0	6,329	89.8	4,681	10.2	20,903	4.5
OR	100.0	6,138	92.6	4,496	7.4	26,818	6.0
PA	100.0	6,483	91.1	3,811	8.9	33,854	8.9
RI	100.0	7,282	77.2	4,508	22.8	16,685	3.7
SC	100.0	6,196	85.6	3,910	14.4	19,806	5.1
SD	100.0	6,446	98.0	5,720	2.0	41,169	7.2
TN	100.0	6,621	88.3	4,390	11.7	23,486	5.3
TX	100.0	6,153	88.5	4,241	11.5	20,837	4.9
UT	100.0	6,957	92.9	5,510	7.1	25,936	4.7
VA	100.0	5,972	89.0	3,566	11.0	25,396	7.1
VT	100.0	5,680	96.1	3,799	3.9	52,023	13.7
WA	100.0	6,617	89.5	4,369	10.5	25,850	5.9
WI	100.0	8,454	83.8	4,087	16.2	31,062	7.6
WV	100.0	8,463	93.8	6,840	6.2	33,005	4.8
WY	100.0	8,548	98.6	7,313	1.4	94,533	12.9

## ALLOCATED LOSS ADJUSTMENT EXPENSE (ALAE) EXPERIENCE

Table 3 presents the countrywide ALAE experience for the private passenger automobile liability claims in the data provided for this study. The columns in Table 3 for ALAE are laid out in the same manner as the columns in Table 1 for loss payments. Columns (2)-(7) present the paid ALAE for all claims and for claims with and without attorney involvement. Compared to claims with a loss payment (presented in Table 1), there is a greater percentage of claims with ALAE payments that have attorney involvement (Table 1, column (6) compared to Table 3 column (6). In Table 3, 16.6% of the claims closed in 2012 with ALAE had an attorney, and this increased to 28.1% of the claims that closed in 2022. The higher percentage of claims with ALAE with attorney involvement occurs because all claims with attorney involvement will incur ALAE, while some claims with no attorney involvement may be resolved without ALAE.

Column (8) presents the ratio of the average ALAE for claims with attorney involvement to the average ALAE for claims without attorney involvement. For example, for claims that closed in 2022, the average ALAE for claims with attorney involvement was \$6,767 and the average ALAE for claims without attorney involvement was \$441, for a ratio of 15.3 in column (8).

Columns (9)-(11) present the change in ALAE for all claims, claims without attorney involvement, and claims with attorney involvement. Similar to the loss payments in Table 1, the annual change in average ALAE was higher for claims that closed over the years 2018-2022. For claims that closed between 2013 and 2017, the average annual ALAE for claims with no attorney involvement decreased 3.3%; for claims with attorney involvement, the average annual ALAE increased 2.1%. By contrast, for claims that closed between 2018 and 2022, the average annual ALAE increased by 14.9% and 6.0%, respectively, for claims with no attorney involvement and claims with attorney involvement. We note, however, that 2020 reflects a decrease for claims with attorney involvement – this is likely to be due to the slowdown in court proceedings during the height of the COVID experience.

**Table 3**  
**COUNTRYWIDE AVERAGE ALAE PAYMENTS, WITH AND WITHOUT ATTORNEY INVOLVEMENT**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Closed Year	Paid Allocated Loss Adjustment Expense						Attorney Involvement/ No Attorney Involvement	Annual Change in Average ALAE		
			Attorney Involvement						Attorney Involvement	
			No		Yes				No	Yes
	Percent of Claims	Average Expense	Percent of Claims	Average Expense	Percent of Claims	Average Expense		Average Expense	Average Expense	Average Expense
2012	100.0	989	83.4	262	16.6	4,647	17.7			
2013	100.0	1,037	82.8	256	17.2	4,799	18.7	4.9%	-2.3%	3.3%
2014	100.0	1,058	82.9	254	17.1	4,965	19.5	2.0%	-0.8%	3.5%
2015	100.0	1,114	82.8	247	17.2	5,276	21.4	5.3%	-2.8%	6.3%
2016	100.0	1,087	82.8	229	17.2	5,231	22.8	-2.4%	-7.3%	-0.9%
2017	100.0	1,094	82.3	221	17.7	5,155	23.3	0.6%	-3.5%	-1.5%
2018	100.0	1,139	81.8	259	18.2	5,086	19.6	4.1%	17.2%	-1.3%
2019	100.0	1,329	80.6	277	19.4	5,701	20.6	16.7%	6.9%	12.1%
2020	100.0	1,591	75.5	331	24.5	5,467	16.5	19.7%	19.5%	-4.1%
2021	100.0	1,723	74.1	382	25.9	5,551	14.5	8.3%	15.4%	1.5%
2022	100.0	2,222	71.9	441	28.1	6,767	15.3	29.0%	15.4%	21.9%

For claims closed during 2012 through 2022, Table 4 presents the average ALAE by state for all claims and separately for claims without and with attorney involvement. The columns in Table 3 for ALAE are laid out in the same manner as the columns in Table 1 for loss payments. Columns (2)-(7) present the paid ALAE for all claims and for claims with and without attorney involvement and column (8) presents the impact of attorney involvement as measured by the ratio of average ALAE for claims with attorney involvement to the average ALAE for claims without attorney involvement. Following are key observations from the results in Table 4.

- For all claims, the three states with the highest ALAE were Michigan (\$5,909), Hawaii (\$3,329), and Nevada (\$2,783). The three states with the lowest ALAE were South Dakota (\$270), Massachusetts (\$324), and North Dakota (\$381).

- For claims with attorney involvement, the three states with the highest average ALAE were Hawaii (\$20,603), Wyoming (\$16,594), and Montana (\$12,176). The three states with the lowest average ALAE were Massachusetts (\$2,202), Rhode Island (\$2,220), and North Carolina (\$2,642).
- For claims with no attorney involvement, the three states with the highest ALAE were Nevada (\$1,306), Alaska (\$1,037), and Michigan (\$780). The three states with the lowest ALAE were Massachusetts (\$324), Rhode Island (\$446), and New Hampshire (\$490).
- The three states with the highest ratio of average ALAE for claims with attorney involvement to the average loss expense for claims with no attorney involvement were Hawaii (68.9), North Dakota (64.7), and Wyoming (55.9).

**Table 4**  
**AVERAGE ALAE PAYMENTS BY STATE,**  
**WITH AND WITHOUT ATTORNEY INVOLVEMENT**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Loss State	All		Attorney Involvement				Attorney Involvement/ No Attorney Involvement
			No		Yes		
	Total Expense		Total Expense		Total Expense		Average Expense
	Percent of Claims	Average Expense	Percent of Claims	Average Expense	Percent of Claims	Average Expense	
AK	100.0	1,697	92.0	1,037	8.0	9,303	9.0
AL	100.0	1,639	68.7	466	31.3	4,210	9.0
AR	100.0	773	83.7	285	16.3	3,275	11.5
AZ	100.0	1,036	85.7	388	14.3	4,927	12.7
CA	100.0	1,321	86.3	318	13.7	7,643	24.0
CO	100.0	1,313	87.1	308	12.9	8,108	26.3
CT	100.0	1,499	74.1	208	25.9	5,198	25.0
DC	100.0	958	72.7	253	27.3	2,836	11.2
DE	100.0	1,590	79.0	389	21.0	6,123	15.7
FL	100.0	2,743	68.0	326	32.0	7,877	24.2
GA	100.0	1,220	67.4	341	32.6	3,042	8.9
HI	100.0	3,329	85.1	299	14.9	20,603	68.9
IA	100.0	930	89.4	363	10.6	5,691	15.7
ID	100.0	750	91.7	327	8.3	5,446	16.7
IL	100.0	2,409	71.6	432	28.4	7,402	17.1
IN	100.0	2,065	73.5	547	26.5	6,283	11.5
KS	100.0	625	87.4	243	12.6	3,270	13.5
KY	100.0	2,065	69.0	778	31.0	4,931	6.3
LA	100.0	2,404	74.5	711	25.5	7,360	10.4
MA	100.0	324	88.8	87	11.2	2,202	25.3
MD	100.0	901	79.2	243	20.8	3,409	14.0
ME	100.0	657	90.1	210	9.9	4,703	22.4
MI	100.0	5,909	40.6	780	59.4	9,411	12.1
MN	100.0	1,728	76.4	409	23.6	6,011	14.7
MO	100.0	1,044	81.3	371	18.7	3,977	10.7
MS	100.0	1,508	76.2	628	23.8	4,321	6.9
MT	100.0	2,141	85.8	478	14.2	12,176	25.5
NC	100.0	447	89.3	184	10.7	2,642	14.4
ND	100.0	381	97.4	144	2.6	9,318	64.7
NE	100.0	575	88.5	269	11.5	2,920	10.9
NH	100.0	490	91.9	126	8.1	4,630	36.7
NJ	100.0	2,720	65.8	434	34.2	7,124	16.4

NM	100.0	1,174	88.1	460	11.9	6,448	14.0
NV	100.0	2,783	70.7	1,306	29.3	6,344	4.9
NY	100.0	2,753	69.4	393	30.6	8,114	20.6
OH	100.0	1,103	70.9	403	29.1	2,807	7.0
OK	100.0	1,271	80.9	345	19.1	5,188	15.0
OR	100.0	924	89.6	279	10.4	6,466	23.2
PA	100.0	2,056	73.6	416	26.4	6,635	15.9
RI	100.0	446	84.2	114	15.8	2,220	19.5
SC	100.0	1,231	74.4	289	25.6	3,966	13.7
SD	100.0	270	97.5	210	2.5	2,656	12.6
TN	100.0	1,428	74.3	534	25.7	4,019	7.5
TX	100.0	1,521	80.4	432	19.6	5,980	13.8
UT	100.0	877	90.9	376	9.1	5,899	15.7
VA	100.0	1,390	74.5	296	25.5	4,590	15.5
VT	100.0	546	94.0	190	6.0	6,158	32.4
WA	100.0	1,504	85.9	366	14.1	8,439	23.1
WI	100.0	2,216	70.1	538	29.9	6,154	11.4
WV	100.0	994	94.0	476	6.0	9,076	19.1
WY	100.0	615	98.0	297	2.0	16,594	55.9

## CYCLE TIME

Tables 5 to 9 present the distribution of claims for two periods in the cycle time of a claim: (1) from the date of accident to the date the claim was reported to the insurer, and (2) from the date the claim was reported to the insurer to the date the claim was closed. For each period, the claims were reviewed: (1) with attorney involvement versus without attorney involvement, and (2) by year of claim closure. These tables present the percentages of claims within specified time intervals (number of days). Below are the principal findings from the Cycle Time analyses.

- Generally, the reporting lag (days between the date of accident and the date the claim is reported to the insurer) are not materially different for attorney involvement or across the years in the present analysis. (See Tables 5 and 6.)
- The time between the report date and the closing date (the claim processing time) is much longer for claims with attorney representation. (See Tables 7 and 9.) Also, for both claims with no attorney involvement and claims with attorney involvement, there has been an increase in the claim processing time. (See Tables 8 and 9.)

## ACCIDENT DATE TO REPORT DATE

Tables 5 and 6 present the results for the number of days between the date of accident and the date the claim was reported to the insurer (often referred to as the “reporting lag”).

The results for all claims and for claims arranged by with/without attorney representation are presented in Table 5.

- The claim experience in the analysis shows that approximately 40% of the claims were reported the same day as the date of the accident and that slightly more than 70% of the claims were reported within 2 days of the accident.
- Generally, there was little difference between the reporting times for claims without attorney representation and claims with attorney representation.

**Table 5**  
**NUMBER OF DAYS FROM ACCIDENT DATE TO REPORT DATE, WITH AND WITHOUT ATTORNEY INVOLVEMENT**

	Date of Accident to Date Reported to the Insurer (days)							
	All	0	1-2	3-7	8-14	15-30	31-180	181+
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
All	100.0	40.8	31.8	14.5	5.1	3.9	3.5	0.5
Attorney Involvement								
No	100.0	40.9	31.6	14.5	5.1	3.9	3.5	0.4
Yes	100.0	39.5	33.1	14.5	5.1	3.7	2.9	1.1

Table 6 shows results organized by the year the claim closed. The distributions for claim reporting are not materially different across the years captured in this study. Across the years, approximately 40% of the claims were reported the same day as the accident and approximately 70% were reported within 2 days of the accident. Approximately 4% of all claims were reported more than 30 days after the accident (the last two columns in Table 6).

**Table 6**  
**NUMBER OF DAYS FROM ACCIDENT DATE TO REPORT DATE, BY YEAR OF CLOSURE**

Closed Year	Date of Accident to Date Reported to the Insurer (days)							
	All	0	1-2	3-7	8-14	15-30	31-180	181+
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
2012	100.0	42.3	31.3	14.1	5.0	3.8	3.0	0.5
2013	100.0	41.4	31.5	14.5	5.2	3.8	3.3	0.5
2014	100.0	39.8	31.9	14.9	5.4	4.1	3.4	0.6
2015	100.0	39.7	32.5	14.8	5.2	3.9	3.4	0.5
2016	100.0	40.4	32.4	14.5	5.1	3.8	3.3	0.5
2017	100.0	41.1	32.0	14.3	5.0	3.7	3.4	0.5
2018	100.0	41.7	31.4	14.3	5.0	3.7	3.4	0.4
2019	100.0	41.5	31.5	14.3	5.1	3.8	3.4	0.5
2020	100.0	40.5	31.9	14.4	5.0	3.9	3.7	0.6
2021	100.0	39.7	32.2	14.8	5.3	4.0	3.5	0.5
2022	100.0	39.3	31.6	14.5	5.3	4.2	4.5	0.5

## REPORT DATE TO CLOSING DATE

Tables 7 to 9 present the results for the number of days between the date the claim was reported to the insurer and the date the claim was closed (often referred to as the “claim processing time”).

The results for all claims and for claims arranged by with/without attorney representation are presented in Table 7.

- For all claims, 27.4% were closed within 30 days from reporting to the insurer, 58.7% were closed within 90 days, and 4.5% were closed more than 2 years after being reported to the insurer. However, there were substantial differences between claims without and with attorney representation.

- For claims without attorney representation, 31.3% were closed within 30 days from being reported to the insurer, 66.5% were closed within 90 days, and 1.9% were closed more than 2 years after being reported to the insurer. Claims with attorney representation require much more time to close with 2.8% closing within 30 days, 8.8% within 90 days, and 21.0% closing more than 2 years after being reported to the insurer.

**Table 7**  
**NUMBER OF DAYS FROM REPORT DATE TO CLOSING DATE,**  
**WITH AND WITHOUT ATTORNEY INVOLVEMENT**

	Date Reported to the Insurer to the Date the Claim Closed (days)							
	All	0-30	31-90	91-180	181-365	366-730	731-1,095	1,096+
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
All	100.0	27.4	31.3	15.9	12.9	7.9	2.7	1.8
Attorney Involvement								
No	100.0	31.3	35.2	16.5	10.4	4.7	1.2	0.7
Yes	100.0	2.8	6.0	11.7	29.4	29.1	11.9	9.1

Table 8 shows results for the claim processing time organized by the year of claim closure.

- There has been a significant increase in the claim processing time. From 2012 to 2021, the percentage of claims closed with 30 days decreased from 67.7% to 55.7%. The year 2022 reflects a further decrease to 47.2%, which may be the result of the efforts to clear the COVID-related backlog, resulting in a focus on closing claims from prior periods.
- The percentage of claims open more than 2 years after being reported to the insurer has increased steadily from 3.5% in 2012 to 6.5% in 2022. Most of this increase started in 2020; again, possibly the result of efforts to clear the backlog created during the COVID period.

**Table 8**  
**NUMBER OF DAYS FROM REPORT DATE TO CLOSING DATE, BY YEAR OF CLOSURE**

Closed Year	Date Reported to the Insurer to the Date the Claim Closed (days)							
	All	0-30	31-90	91-180	181-365	366-730	731-1,095	1,096+
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
2012	100.0	36.7	31.0	12.6	10.0	6.2	2.1	1.4
2013	100.0	34.0	30.5	13.7	11.5	6.8	2.1	1.4
2014	100.0	29.6	32.6	14.5	11.9	7.6	2.3	1.5
2015	100.0	28.9	32.5	15.0	12.0	7.4	2.6	1.6
2016	100.0	27.6	31.8	15.9	13.0	7.6	2.4	1.6
2017	100.0	26.4	31.6	16.8	13.6	7.8	2.3	1.5
2018	100.0	26.6	30.9	16.3	13.8	8.2	2.6	1.5
2019	100.0	25.3	31.2	16.1	14.0	8.7	2.9	1.8
2020	100.0	24.2	28.0	16.0	15.4	10.6	3.6	2.2
2021	100.0	22.8	32.9	17.1	11.3	9.4	3.9	2.6
2022	100.0	15.8	31.4	22.1	16.2	8.0	3.2	3.3

Table 9 shows results organized by year of closure, separately for claims with and without attorney representation. The results in Table 9 expand on two points made in Table 7 and 8. First, claim processing times are much longer for claims with attorney involvement. Second, for both claims without attorney representation and claims with attorney representation, there has been a lengthening in the claim processing time.

- For claims without attorney representation, 75.1% of the claims that closed in 2012 had been reported to the insurer within 90 days; for claims that closed in 2022, only 54.4% had been reported to the insurer within 90 days. By contrast, while 12.4% of the claims that closed in 2012 had been reported more than 180 days prior to closure, for claims that closed in 2022, 21.6% had been reported more than 180 days prior to closure.
- For claims with attorney representation, 10.5% of the claims that closed in 2012 had been reported to the insurer within 90 days; for claims that closed in 2022, only 7.2% had been reported to the insurer within 90 days. By contrast, while 76.4% of the claims that closed in 2012 had been reported more than 180 days prior to closure, for claims that closed in 2022, 81.5% had been reported more than 180 days prior to closure.

**Table 9**  
**NUMBER OF DAYS FROM REPORT DATE TO CLOSING DATE,**  
**WITH AND WITHOUT ATTORNEY INVOLVEMENT, BY YEAR OF CLOSURE**

Attorney Involvement	Closed Year	Date Reported to the Insurer to the Date the Claim Closed (days)							
		All	0-30	31-90	91-180	181-365	366-730	731-1,095	1,096+
		Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
No	2012	100.0	41.0	34.1	12.5	7.5	3.5	0.9	0.5
	2013	100.0	38.3	34.0	13.9	8.8	3.7	0.9	0.5
	2014	100.0	33.3	36.4	15.0	9.5	4.3	1.0	0.6
	2015	100.0	32.5	36.3	15.5	9.6	4.4	1.2	0.6
	2016	100.0	31.2	35.5	16.4	10.6	4.6	1.1	0.6
	2017	100.0	29.9	35.3	17.5	11.0	4.7	1.0	0.5
	2018	100.0	30.4	34.8	17.0	11.2	4.8	1.2	0.6
	2019	100.0	29.0	35.3	16.8	11.4	5.3	1.4	0.7
	2020	100.0	28.5	32.5	17.1	12.6	6.6	1.8	0.9
	2021	100.0	26.7	38.0	18.3	8.7	5.3	1.9	1.1
	2022	100.0	18.4	36.0	24.1	14.0	4.7	1.5	1.4
Yes	2012	100.0	3.9	6.6	13.0	29.4	27.2	11.3	8.5
	2013	100.0	3.4	5.7	12.0	30.9	29.2	10.6	8.2
	2014	100.0	3.0	5.3	11.3	29.6	30.9	11.7	8.2
	2015	100.0	3.3	6.0	11.2	28.7	28.8	13.0	9.0
	2016	100.0	3.1	6.2	12.1	30.1	28.4	11.3	8.8
	2017	100.0	2.9	6.0	12.3	30.9	28.9	10.8	8.2
	2018	100.0	2.9	6.3	11.9	30.3	29.5	11.2	7.8
	2019	100.0	2.6	6.2	11.9	29.9	29.4	11.7	8.4
	2020	100.0	2.0	5.2	10.4	29.8	30.9	12.6	9.0
	2021	100.0	2.0	6.4	11.2	25.0	30.8	14.2	10.5
	2022	100.0	1.6	5.6	11.4	28.2	26.2	13.0	14.1



## DISTRIBUTION OF LOSSES

Tables 10 to 15 present loss distributions for claims and losses arranged into three sets of characteristics: (1) per attorney involvement, (2) per closed year, and (3) per attorney involvement and closed year. These tables present the percentages of claims and losses for seven loss payment intervals – starting with loss payments between \$0 and \$2,500, and then intervals up to loss payments over \$75,000. Below are the principal findings from the Distribution of Losses analyses.

The results for all claims and for claims arranged by with/without attorney representation are presented in Tables 10 and 11. For the total loss payment intervals, Table 10 presents the distribution of claims and Table 11 presents the distribution of losses. The results in these tables are for claims that closed in 2012 through 2022.

- Claims with loss payments over \$40,000 accounted for 2.3% of all claims and 33.5% of all losses. Claims with loss payments over \$75,000 accounted for 1.1% of all claims and 24.1% of all losses.
- 54.8% of the claims with no attorney involvement closed with a loss payment of \$2,500 or less. These claims accounted for 16.9% of all losses for claims with no attorney involvement. Among claims with attorney involvement, 12.2% of these claims with closed with a loss payment of \$2,500 or less, and these claims accounted for only 0.7% of all losses for claims with attorney involvement.
- By contrast, only 0.2% of claims with no attorney involvement closed with a loss payment of more than \$75,000 and these claims accounted for 6.2% of the no-attorney losses. Among claims with attorney involvement, 7.1% closed with a loss payment over \$75,000 and these claims accounted for 43.7% of all losses for claims with attorney involvement.

**Table 10**  
**DISTRIBUTION OF CLAIMS,**  
**BY TOTAL LOSS PAYMENT AND ATTORNEY INVOLVEMENT**

	Total Loss Payment							
	All	0-2,500	2,501-5,000	5,001-10,000	10,001-20,000	20,001-40,000	40,001-75,000	75,001+
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
All	100.0	49.1	22.2	15.6	7.7	3.1	1.2	1.1
Attorney Involvement								
No	100.0	54.8	23.3	14.5	5.6	1.4	0.3	0.2
Yes	100.0	12.2	15.5	22.7	21.4	14.1	7.0	7.1

**Table 11**  
**DISTRIBUTION OF LOSSES,**  
**BY TOTAL LOSS PAYMENT AND ATTORNEY INVOLVEMENT**

	Total Loss Payment							
	All	0-2,500	2,501-5,000	5,001-10,000	10,001-20,000	20,001-40,000	40,001-75,000	75,001+
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
All	100.0	9.2	12.0	16.6	16.1	12.6	9.4	24.1
Attorney Involvement								
No	100.0	16.9	20.6	25.0	18.7	9.0	3.6	6.2
Yes	100.0	0.7	2.5	7.3	13.4	16.6	15.8	43.7

Tables 12 and 13 present the claims arranged by closure year . For total loss payment intervals, Table 12 presents the distribution of claims by closure year and total loss payment, and Table 13 presents the distribution of losses by closure year and total loss payment. The results in these tables are for claims without and with attorney involvement. Following are key observations.

- There has been a substantial shift in the distribution of claims and losses from 2012 to 2022. The representation of claims in the higher loss payment groups has doubled over the 2012-2022 period. Among the claims that closed in 2012, 9.6% had a loss payment over \$10,000. Among the claims that closed in 2022, 21.2% had a loss payment over \$10,000.
- There has been a shift in the distribution of losses to the higher loss payment groups. Among the claims that closed in 2012, 57.3% of the losses were for payments over \$10,000 and 23.4% of the losses were for payments over \$75,000. Among the claims that closed in 2022, 71.4% of the losses were for payments over \$10,000 and 27.3% of the losses were for payments over \$75,000.

**Table 12**  
**DISTRIBUTION OF CLAIMS,**  
**BY TOTAL LOSS PAYMENT AND CLAIM CLOSED YEAR**

Closed Year	Total Loss Payment							
	All	0-2,500	2,501-5,000	5,001-10,000	10,001-20,000	20,001-40,000	40,001-75,000	75,001+
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
<b>2012</b>	100.0	57.8	19.9	12.8	5.6	2.1	0.8	0.8
<b>2013</b>	100.0	56.3	20.7	13.1	5.9	2.2	0.9	0.9
<b>2014</b>	100.0	55.2	21.1	13.7	6.0	2.2	0.9	0.9
<b>2015</b>	100.0	53.5	21.5	14.4	6.5	2.4	0.9	0.9
<b>2016</b>	100.0	52.3	21.8	14.6	6.8	2.5	1.0	0.9
<b>2017</b>	100.0	50.3	22.4	15.4	7.2	2.7	1.0	0.9
<b>2018</b>	100.0	47.8	22.8	16.2	8.0	3.0	1.1	1.1
<b>2019</b>	100.0	45.3	23.4	16.8	8.5	3.4	1.3	1.2
<b>2020</b>	100.0	40.9	24.0	18.0	9.8	4.2	1.7	1.5
<b>2021</b>	100.0	38.7	24.3	18.8	10.2	4.6	1.8	1.6
<b>2022</b>	100.0	35.0	23.8	19.9	11.8	5.6	2.0	1.8

**Table 13**  
**DISTRIBUTION OF LOSSES,**  
**BY TOTAL LOSS PAYMENT AND CLAIM CLOSED YEAR**

Closed Year	Total Loss Payment							
	All	0-2,500	2,501-5,000	5,001-10,000	10,001-20,000	20,001-40,000	40,001-75,000	75,001+
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
2012	100.0	12.6	13.2	16.8	14.5	10.9	8.5	23.4
2013	100.0	11.9	13.2	16.5	14.9	10.9	8.3	24.3
2014	100.0	11.8	13.5	17.2	15.1	10.8	8.4	23.3
2015	100.0	11.2	13.2	17.4	15.5	11.3	8.5	22.9
2016	100.0	10.9	13.2	17.4	16.2	11.7	8.7	21.9
2017	100.0	10.2	13.1	17.7	16.4	11.9	8.8	21.7
2018	100.0	9.1	12.3	17.2	16.7	12.5	9.1	23.1
2019	100.0	8.2	11.7	16.6	16.6	12.9	9.9	24.2
2020	100.0	6.6	10.5	15.5	16.7	14.1	10.7	25.9
2021	100.0	6.1	10.3	15.6	16.7	14.6	10.9	25.8
2022	100.0	5.0	8.9	14.7	17.2	15.7	11.2	27.3

The results where the claims were arranged by attorney involvement and the year the claim closed are presented in Tables 14 and 15. Table 14 presents the distribution of claims by attorney involvement, closure year, and total loss payment, and Table 15 presents the distribution of losses by attorney involvement, closure year and total loss payment. The following presents highlights.

- Over the 2012 to 2022 closure period, there was a substantial shift in the distribution of claims and losses for both claims without attorney involvement and claims with attorney involvement. For claims without attorney involvement, claims with a loss payment over \$10,000 increased from 4.7% in 2012 to 14.0% in 2022. Losses for claims with a loss payment over \$10,000 increased from 31.4% in 2012 to 49.8% in 2022.
- For claims with attorney involvement, claims with a loss payment over \$40,000 increased from 12.1% in 2012 to 20.5% in 2022, and losses for claims with a loss payment over \$40,000 increased from 44.7% in 2012 to 65.6% in 2022. For the highest loss-payment group in Tables 14 and 15, loss payments over \$75,000 accounted for 10.2% of the with-attorney claims that closed in 2022 and 48.0% of the with-attorney losses.

**Table 14**  
**DISTRIBUTION OF CLAIMS,**  
**BY TOTAL LOSS PAYMENT, ATTORNEY INVOLVEMENT AND CLAIM CLOSED YEAR**

		Total Loss Payment							
		All	0-2,500	2,501-5,000	5,001-10,000	10,001-20,000	20,001-40,000	40,001-75,000	75,001+
Attorney Involvement	Closed Year	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
No	2012	100.0	63.4	20.5	11.2	3.6	0.8	0.2	0.1
	2013	100.0	62.2	21.1	11.7	3.9	0.9	0.2	0.1
	2014	100.0	60.9	21.5	12.2	4.1	0.9	0.2	0.1
	2015	100.0	59.1	22.0	13.1	4.5	1.0	0.2	0.1
	2016	100.0	57.9	22.5	13.3	4.8	1.1	0.2	0.1
	2017	100.0	55.8	23.3	14.2	5.1	1.2	0.2	0.1
	2018	100.0	53.5	23.9	15.1	5.7	1.3	0.3	0.2
	2019	100.0	51.0	24.8	15.9	6.2	1.5	0.3	0.2
	2020	100.0	46.9	25.9	17.4	7.3	1.9	0.4	0.3
	2021	100.0	44.3	26.4	18.5	7.9	2.2	0.5	0.3
	2022	100.0	39.8	26.1	20.1	10.0	3.1	0.6	0.3
Yes	2012	100.0	14.7	15.4	25.2	20.5	12.1	5.9	6.2
	2013	100.0	14.4	17.8	23.5	20.4	11.8	5.6	6.5
	2014	100.0	14.6	18.0	24.0	19.9	11.7	5.7	6.1
	2015	100.0	13.9	17.8	23.7	20.3	12.2	5.9	6.2
	2016	100.0	13.5	17.1	23.8	20.9	12.5	6.1	6.1
	2017	100.0	13.3	16.5	23.7	21.3	12.8	6.2	6.2
	2018	100.0	11.5	15.4	23.5	22.3	13.9	6.8	6.7
	2019	100.0	11.1	14.7	22.2	22.3	14.9	7.4	7.4
	2020	100.0	9.9	14.0	21.0	22.7	16.4	8.1	7.9
	2021	100.0	9.2	13.2	20.6	22.4	17.3	8.7	8.6
	2022	100.0	8.1	11.1	18.8	22.2	19.4	10.3	10.2

**Table 15**  
**DISTRIBUTION OF LOSSES,**  
**BY TOTAL LOSS PAYMENT, ATTORNEY INVOLVEMENT AND CLAIM CLOSED YEAR**

		Total Loss Payment							
		All	0-2,500	2,501-5,000	5,001-10,000	10,001-20,000	20,001-40,000	40,001-75,000	75,001+
Attorney Involvement	Closed Year	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
No	2012	100.0	22.6	22.3	23.6	15.0	6.8	3.0	6.6
	2013	100.0	21.8	22.3	24.0	15.7	6.8	3.2	6.2
	2014	100.0	21.2	22.3	24.6	16.1	6.7	3.1	6.0
	2015	100.0	20.1	22.0	25.3	17.0	7.4	3.1	5.1
	2016	100.0	19.4	21.8	25.1	17.8	7.8	3.0	5.1
	2017	100.0	18.1	21.8	25.7	18.2	8.1	3.2	4.9
	2018	100.0	16.6	21.0	25.8	19.0	8.6	3.4	5.6
	2019	100.0	15.1	20.5	25.6	19.5	9.2	3.9	6.2
	2020	100.0	12.9	19.3	25.2	20.6	10.2	4.3	7.4
	2021	100.0	11.7	18.7	25.3	21.0	11.3	4.6	7.4
	2022	100.0	9.5	16.3	24.5	23.7	14.1	4.9	7.1
Yes	2012	100.0	0.9	2.7	8.9	14.0	15.6	14.9	42.9
	2013	100.0	1.0	3.1	8.3	14.0	15.3	13.9	44.3
	2014	100.0	1.0	3.2	8.6	13.9	15.5	14.5	43.3
	2015	100.0	0.9	3.1	8.3	13.8	15.8	14.6	43.4
	2016	100.0	0.9	3.0	8.4	14.3	16.3	15.3	41.7
	2017	100.0	0.9	2.9	8.3	14.4	16.5	15.4	41.6
	2018	100.0	0.7	2.5	7.7	14.1	16.8	15.5	42.6
	2019	100.0	0.7	2.3	6.9	13.4	16.9	16.2	43.5
	2020	100.0	0.6	2.1	6.3	13.0	17.8	16.7	43.5
	2021	100.0	0.5	1.9	5.9	12.4	17.9	17.2	44.2
	2022	100.0	0.4	1.4	4.6	10.5	17.4	17.6	48.0

## DISTRIBUTION OF ALAE

Tables 16 to 21 present allocated loss adjustment expense distributions for claims and losses arranged into three sets of characteristics: (1) per attorney involvement, (2) per closed year, and (3) per attorney involvement and closed year. These tables present the percentages of claims and allocated loss adjustment expenses (ALAE) for seven ALAE intervals – starting with ALAE between \$0 and \$50, and then intervals up to ALAE over \$10,000. Below are the principal findings from the ALAE analyses.

The results for all claims and for claims arranged by with/without attorney representation are presented in Tables 16 and 17. For the ALAE intervals, Table 16 presents the distribution of claims and Table 17 presents the distribution of ALAE. The results in these tables are for claims that closed in 2012 through 2022. The following present highlights.

- Claims with ALAE over \$4,000 accounted for 1.5% of all claims and 81.8% of all ALAE. Claims with ALAE over \$10,000 accounted for 0.8% of all claims and 64.1% of all ALAE.

- Among claims with no attorney involvement, ALAE over \$4,000 accounted for 0.2% of these claims and 42.5% of the ALAE. Claims with ALAE over \$10,000 accounted for 0.1% of these claims and 32.0% of the ALAE. Among claims with attorney involvement, ALAE over \$4,000 accounted for 10.0% of these claims and 88.9% of all ALAE. Claims with ALAE over \$10,000 accounted for 5.2% of these claims and 70.2% of the ALAE.

**Table 16**  
**DISTRIBUTION OF CLAIMS,**  
**BY ALLOCATED LOSS ADJUSTMENT EXPENSES AND ATTORNEY INVOLVEMENT**

	Allocated Loss Adjustment Expenses							
	All	0-50	51-100	100-250	251-1,000	1,001-4,000	4,001-10,000	10,001+
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
All	100.0	83.8	5.3	6.5	1.7	1.3	0.7	0.8
Attorney Involvement								
No	100.0	85.8	5.9	6.8	0.9	0.4	0.1	0.1
Yes	100.0	70.8	1.2	4.4	6.6	6.9	4.8	5.2

**Table 17**  
**DISTRIBUTION OF LOSSES,**  
**BY ALLOCATED LOSS ADJUSTMENT EXPENSES AND ATTORNEY INVOLVEMENT**

	Allocated Loss Adjustment Expenses							
	All	0-50	51-100	100-250	251-1,000	1,001-4,000	4,001-10,000	10,001+
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
All	100.0	0.4	1.6	3.2	3.2	9.8	17.7	64.1
Attorney Involvement								
No	100.0	2.5	9.7	17.9	9.0	16.4	12.5	32.0
Yes	100.0	0.0	0.1	0.4	2.1	8.5	18.7	70.2

Tables 18 and 19 present claims arranged by closure year. For the ALAE intervals, Table 18 presents the distribution of claims by closure year, and Table 19 presents the distribution of ALAE by closure year and ALAE intervals. The results in these tables are for claims without and with attorney involvement. Following are key observations.

- With one exception, the distribution of claims across the ALAE intervals has been relatively stable over the closure years. The exception is for the claims with ALAE over \$10,000. These claims accounted for 0.5% of all claims that closed in 2012 but increase steadily to 1.0% of claims that closed in 2021 and then sharply to 1.4% of claims that closed in 2020. While this increase could be a general trend in higher expenses for settling claims, the recent increase could be due to the longer time to resolve claims since the COVID period.
- The distributions of ALAE in Table 19 show a similar pattern. Claims that closed in 2012 with more than \$10,000 of ALAE accounted for 55.8% of all ALAE. This share of ALAE increased to 68.1% for claims that closed in 2021 and then to 75.1% for claims that closed in 2022. Same comment concerning the potential impact of COVID on longer times to resolve claims applies as a possible explanation for the shift in the distribution of ALAE.

**Table 18**  
**DISTRIBUTION OF CLAIMS,**  
**BY ALLOCATED LOSS ADJUSTMENT EXPENSES AND CLAIM CLOSED YEAR**

Closed Year	Allocated Loss Adjustment Expenses							
	All	0-50	51-100	100-250	251-1,000	1,001-4,000	4,001-10,000	10,001+
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
2012	100.0	83.1	7.3	5.5	1.7	1.2	0.7	0.5
2013	100.0	82.5	7.6	5.6	1.7	1.3	0.7	0.6
2014	100.0	82.2	7.6	6.1	1.6	1.3	0.7	0.6
2015	100.0	82.4	6.9	6.5	1.5	1.3	0.7	0.7
2016	100.0	82.7	5.9	7.1	1.6	1.3	0.7	0.7
2017	100.0	83.5	5.0	7.4	1.6	1.2	0.7	0.7
2018	100.0	83.7	4.4	7.6	1.6	1.2	0.7	0.7
2019	100.0	84.4	3.7	7.5	1.7	1.3	0.7	0.8
2020	100.0	85.5	3.0	6.3	1.9	1.4	0.9	0.9
2021	100.0	86.5	2.7	5.5	1.9	1.5	0.9	1.0
2022	100.0	87.0	2.3	5.0	1.9	1.4	0.9	1.4

**Table 19**  
**DISTRIBUTION OF LOSSES,**  
**BY ALLOCATED LOSS ADJUSTMENT EXPENSES AND CLAIM CLOSED YEAR**

Closed Year	Allocated Loss Adjustment Expenses							
	All	0-50	51-100	100-250	251-1,000	1,001-4,000	4,001-10,000	10,001+
	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
2012	100.0	0.4	2.9	3.6	4.3	12.1	20.9	55.8
2013	100.0	0.4	2.8	3.3	4.0	11.8	19.4	58.3
2014	100.0	0.4	2.7	3.5	3.5	11.0	19.1	59.9
2015	100.0	0.4	2.3	3.4	3.2	10.4	18.7	61.6
2016	100.0	0.5	2.0	3.8	3.3	10.6	18.2	61.6
2017	100.0	0.5	1.7	4.2	3.3	10.3	19.0	61.0
2018	100.0	0.6	1.4	4.0	3.2	10.0	17.7	63.0
2019	100.0	0.5	1.0	3.5	2.9	9.0	16.4	66.6
2020	100.0	0.4	0.7	2.7	2.9	9.1	17.3	66.8
2021	100.0	0.5	0.6	2.2	2.8	8.8	17.0	68.1
2022	100.0	0.4	0.4	1.6	2.1	6.7	13.8	75.1

The results where the claims were arranged by attorney involvement and the year the claim closed are presented in Tables 20 and 21. Table 20 presents the distribution of claims by attorney involvement, closure year, and ALAE, and Table 21 presents the distribution of ALAE by attorney involvement, closure year and ALAE intervals. The following presents highlights.

- For claims with no attorney involvement, there was a substantial increase in the ALAE among the small share of claims with highest claim adjustment expenses. For claims that closed in 2012, the claims with ALAE over \$10,000 accounted for 0.1% of the claims (last column in Table 21) and 27.4% the ALAE. For no-attorney involvement claims that closed in 2022, the claims with more than \$10,000 of ALAE continued to account for only 0.1% of the no-attorney involvement claims but the share of ALAE increased to 52.7% of the ALAE for the no-attorney involvement claims.
- For claims with attorney involvement, there were substantial shifts in both the distribution of claims and ALAE. For claims that closed in 2012, the claims with ALAE over \$10,000 accounted for 4.3% of the with-attorney involvement claims and 63.1% the ALAE. For with-attorney involvement claims that closed in 2022, the claims with more than \$10,000 of ALAE increased to 8.1% of the with-attorney involvement claims and 78.4% of the ALAE for the with-attorney involvement claims.

**Table 20**  
**DISTRIBUTION OF CLAIMS,**  
**BY ALLOCATED LOSS ADJUSTMENT EXPENSES,**  
**ATTORNEY INVOLVEMENT AND CLAIM CLOSED YEAR**

		Allocated Loss Adjustment Expenses							
Attorney Involvement	Closed Year	All	0-50	51-100	100-250	251-1,000	1,001-4,000	4,001-10,000	10,001+
		Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
No	2012	100.0	84.7	8.0	5.8	1.0	0.5	0.1	0.1
	2013	100.0	84.1	8.4	5.9	0.9	0.5	0.1	0.1
	2014	100.0	83.7	8.4	6.4	0.9	0.4	0.1	0.1
	2015	100.0	84.1	7.7	6.8	0.8	0.4	0.1	0.1
	2016	100.0	84.5	6.6	7.4	0.8	0.4	0.1	0.0
	2017	100.0	85.3	5.6	7.7	0.9	0.4	0.1	0.0
	2018	100.0	85.6	4.9	8.1	0.9	0.4	0.1	0.1
	2019	100.0	86.3	4.2	8.0	0.9	0.4	0.1	0.1
	2020	100.0	88.3	3.5	6.7	1.0	0.4	0.1	0.1
	2021	100.0	89.6	2.9	5.7	1.0	0.4	0.1	0.1
	2022	100.0	90.6	2.5	5.2	1.0	0.4	0.1	0.1
Yes	2012	100.0	71.5	1.8	3.2	7.2	7.1	5.0	4.3
	2013	100.0	71.3	1.8	3.0	7.0	7.4	4.9	4.6
	2014	100.0	71.1	1.6	3.8	6.6	7.2	5.0	4.7
	2015	100.0	70.4	1.4	4.4	6.5	7.1	5.1	5.2
	2016	100.0	70.4	1.2	5.0	6.5	7.1	4.8	4.9
	2017	100.0	70.9	1.0	5.7	6.4	6.5	4.7	4.8
	2018	100.0	71.8	0.9	4.9	6.4	6.5	4.6	4.9
	2019	100.0	72.7	0.9	4.4	6.2	6.2	4.4	5.2
	2020	100.0	71.2	0.8	4.7	6.6	6.6	4.7	5.4
	2021	100.0	70.1	1.2	4.3	6.7	7.0	4.9	5.7
	2022	100.0	66.9	1.4	4.0	7.2	7.1	5.3	8.1



**Table 21**  
**DISTRIBUTION OF LOSSES,**  
**BY ALLOCATED LOSS ADJUSTMENT EXPENSES, ATTORNEY INVOLVEMENT AND**  
**CLAIM CLOSED YEAR**

		Allocated Loss Adjustment Expenses							
		All	0-50	51-100	100-250	251-1,000	1,001-4,000	4,001-10,000	10,001+
Attorney Involvement	Closed Year	Percent	Percent	Percent	Percent	Percent	Percent	Percent	Percent
No	2012	100.0	1.9	13.7	16.1	10.1	18.2	12.5	27.4
	2013	100.0	1.8	14.4	16.3	10.1	18.0	11.3	28.2
	2014	100.0	1.8	14.5	17.2	9.2	16.6	11.5	29.3
	2015	100.0	2.0	13.3	18.1	8.6	17.0	12.7	28.2
	2016	100.0	2.7	12.4	21.4	9.3	17.9	12.1	24.2
	2017	100.0	3.2	11.0	23.6	9.8	18.9	12.0	21.4
	2018	100.0	3.4	8.4	22.3	9.0	16.8	10.9	29.1
	2019	100.0	3.0	6.7	20.7	8.9	16.4	13.0	31.1
	2020	100.0	2.9	5.2	16.9	9.1	15.1	13.7	37.1
	2021	100.0	2.8	3.8	13.1	8.2	14.3	15.3	42.5
	2022	100.0	2.4	2.8	10.7	6.5	11.6	13.4	52.7
Yes	2012	100.0	0.1	0.1	0.4	2.8	10.5	23.1	63.1
	2013	100.0	0.0	0.1	0.3	2.5	10.4	21.3	65.3
	2014	100.0	0.0	0.1	0.4	2.2	9.8	20.8	66.7
	2015	100.0	0.0	0.1	0.4	2.1	9.1	20.0	68.4
	2016	100.0	0.0	0.1	0.5	2.1	9.2	19.3	68.7
	2017	100.0	0.0	0.0	0.6	2.2	8.8	20.2	68.1
	2018	100.0	0.1	0.0	0.5	2.1	8.8	19.0	69.5
	2019	100.0	0.1	0.0	0.5	1.8	7.7	17.0	72.9
	2020	100.0	0.1	0.0	0.5	2.0	8.2	17.8	71.4
	2021	100.0	0.1	0.1	0.4	1.9	7.9	17.3	72.5
	2022	100.0	0.1	0.0	0.3	1.4	5.9	13.8	78.4

## CONCLUDING COMMENTS

Based on our review of the claims closed during 2012-2022, private passenger automobile liability claims with attorney involvement reflect significantly longer time to resolve claims, much higher indemnity costs and much greater expense costs to resolve than claims without attorney involvement. Further, we have observed both an increasing rate of attorney involvement and an increase in the amount of time to resolve claims with attorney involvement. The combination of these issues associated with attorney involvement creates significant pressure on the private passenger automobile liability market, including both the drivers who seek affordable protection from risk and the carriers that provide insurance.

Milliman has appreciated the opportunity to perform this interesting and important study for the American Property Casualty Insurance Association. The findings and discussion are subject to the qualifications described in the following (Limitations) section.

## LIMITATIONS

### DATA

In performing this analysis, we relied on publicly available data and other information provided by a selection of private passenger automobile insurance companies. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete. In that event, the results of our analysis may not be suitable for the intended purpose.

We performed a limited review of the data used in our analysis for reasonableness and consistency and did not find material defects in the data. If there are material defects, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data that searches for questionable data values and for materially inconsistent relationships. Such a review was beyond the scope of our assignment.

### UNCERTAINTY

During the course of our review, we applied generally acceptable statistical procedures. However, due to the nature of using a sample of data from a larger population, it is likely that results will vary from full-population analyses from our projections, perhaps materially.

The diversity of types of vehicles covered and jurisdictions must be kept in mind when reviewing the results in this report. While the companies that provided data for this study are a cross-section of insurers and representative of the private passenger automobile liability insurance business in the US, there is considerable variety in their respective books of business. The objective of this study was to evaluate trends in attorney representation, claim costs, and cycle times for recent years. While the data provided for this study are appropriate for and the results are indicative of trends in the private passenger automobile insurance industry, the results should not be considered or used for benchmarking individual-company experience to the industry averages presented in this report.

### DATA ORGANIZATION

We analyzed calendar-year closed claims to capture the characteristics of the outcomes on claims that were resolved during a particular year. Calendar year analyses differ from policy year and accident year analyses, where losses are compiled by the year policies are written or accidents occurred. A benefit to calendar year analysis is that settlement values are known, so there is no uncertainty associated with future claims development unlike policy year or accident year analysis. Results for closed claims on a calendar year basis tend to be positively correlated with results by policy year or by accident year, but nonetheless one should be cautious when comparing results across the different time periods.

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#### **CONTACT**

**Derek Jones, FCAS, MAAA**  
[derek.jones@milliman.com](mailto:derek.jones@milliman.com)

**Philip S. Borba, PhD, CSPA**  
[phil.borba@milliman.com](mailto:phil.borba@milliman.com)

[milliman.com](http://milliman.com)

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