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Study Tracks Rise in Attorney Involvement in Auto Insurance Claims

Attorney involvement in auto insurance claims is on the rise and varies significantly by state, according to an insurance industry study.

The percentage of auto injury claimants represented by attorneys rose to 36 percent of personal injury protection (PIP) claimants in 2012, up from 31 percent in 2007 and more than double the rate found in a similar study in 1977, said the Insurance Research Council (IRC).

The rate of attorney involvement among bodily injury (BI) claimants rose slightly, to 50 percent in 2012.

The IRC study also examined the factors associated with attorney involvement and found that represented claimants:

- Were much more likely than those without representation to receive treatment in a pain clinic and to undergo magnetic resonance imaging (MRI) for similar injuries
- Were more likely to be involved in apparent claim abuse
- Received, on average, lower net payments (total payments adjusted for claimed economic expenses and applicable legal fees) than those who did not hire attorneys
- Waited longer for payment of claims

The rate of attorney involvement varied significantly by state. The highest rate among no-fault states was in Florida, where more than half of PIP claimants hired attorneys in 2012. The lowest rate was in Kansas, where just 12 percent of PIP claimants hired attorneys.

“The attorney involvement trends shown in this study undercut two of the envisioned benefits of no-fault auto injury systems: a less adversarial settlement process and more timely payments,” said Elizabeth Sprinkel, senior vice president of the IRC, in a press release. “The role of attorneys is implicated in many of the factors driving up the cost of auto insurance.”

IRC said that the study, *Attorney Involvement in Auto Injury Claims*, is based on more than 35,000 auto injury claims closed with payment under the five principal private passenger coverages. Twelve insurers, representing 52 percent of the private passenger auto insurance market in the United States, participated in the study.

The complete study is available for purchase on IRC’s website.

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