

# LOUISIANA'S AUTO INSURANCE CRISIS

AND THE COMMON-SENSE SOLUTIONS TO ADDRESS IT



Louisianans pay an average of \$3,998 per year for auto insurance — nearly **DOUBLE** the national average.

**\$3,998**



That breaks down to 6.53% of household income, compared to 3.41% nationwide.

**6.53%**

**3.41%**

## THE CHALLENGE

Our broken legal system inflates costs, stifles competition, & limits consumer choice.

For far too long, we have failed to enact reforms that curb lawsuit abuse, prevent jackpot justice and attract more insurers to our state. The result is an insurance market that continues to squeeze Louisiana's citizens, pushing many to the brink of collapse under the weight of skyrocketing premiums.



Louisiana has the third highest tort costs in America as a percentage of its state GDP. (2.65%)

**2.65%**



Excessive legal costs result in an annual "tort tax" of \$965 per person, per year in Louisiana.

**\$965**



Excessive litigation in Louisiana results in 40,500 lost jobs statewide.

**40,500**



If the Louisiana legislature enacted specific reforms targeting lawsuit abuse, the state would increase its gross product by \$4.4 billion.

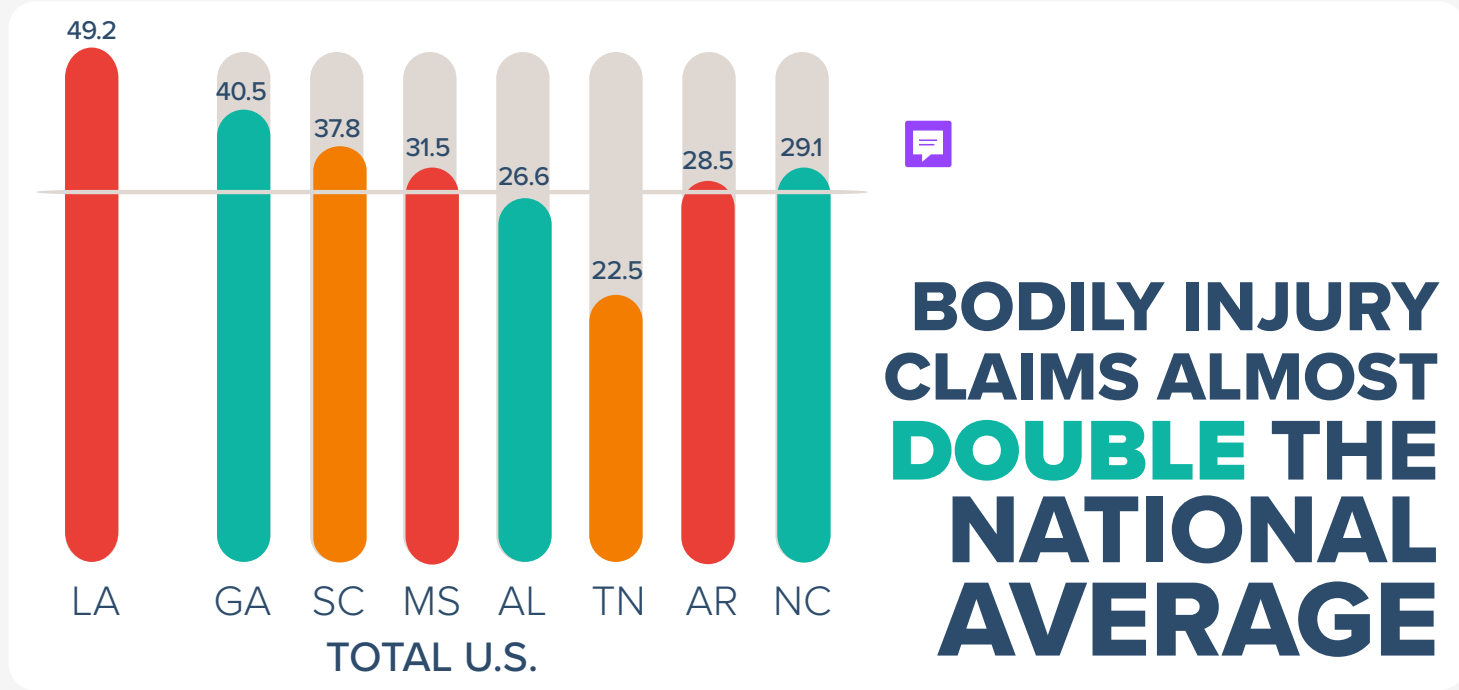
**\$4.4 BILLION**

## SOUTHERN STATE INSURANCE COMPARISON

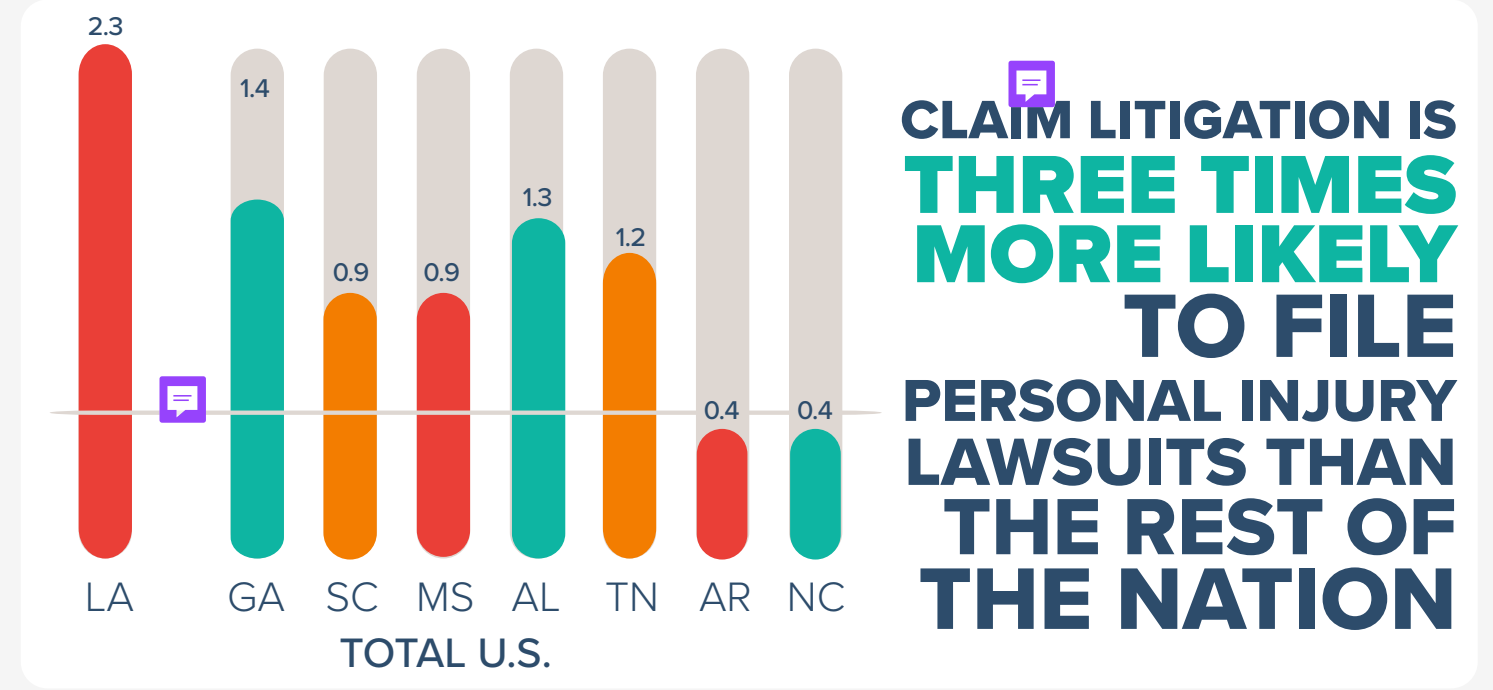


# COST DRIVERS FOR AUTO INSURANCE RATES: HOW DOES LOUISIANA STACK UP AGAINST OTHER STATES?

## U.S. AVERAGE INJURY CLAIM FREQUENCY

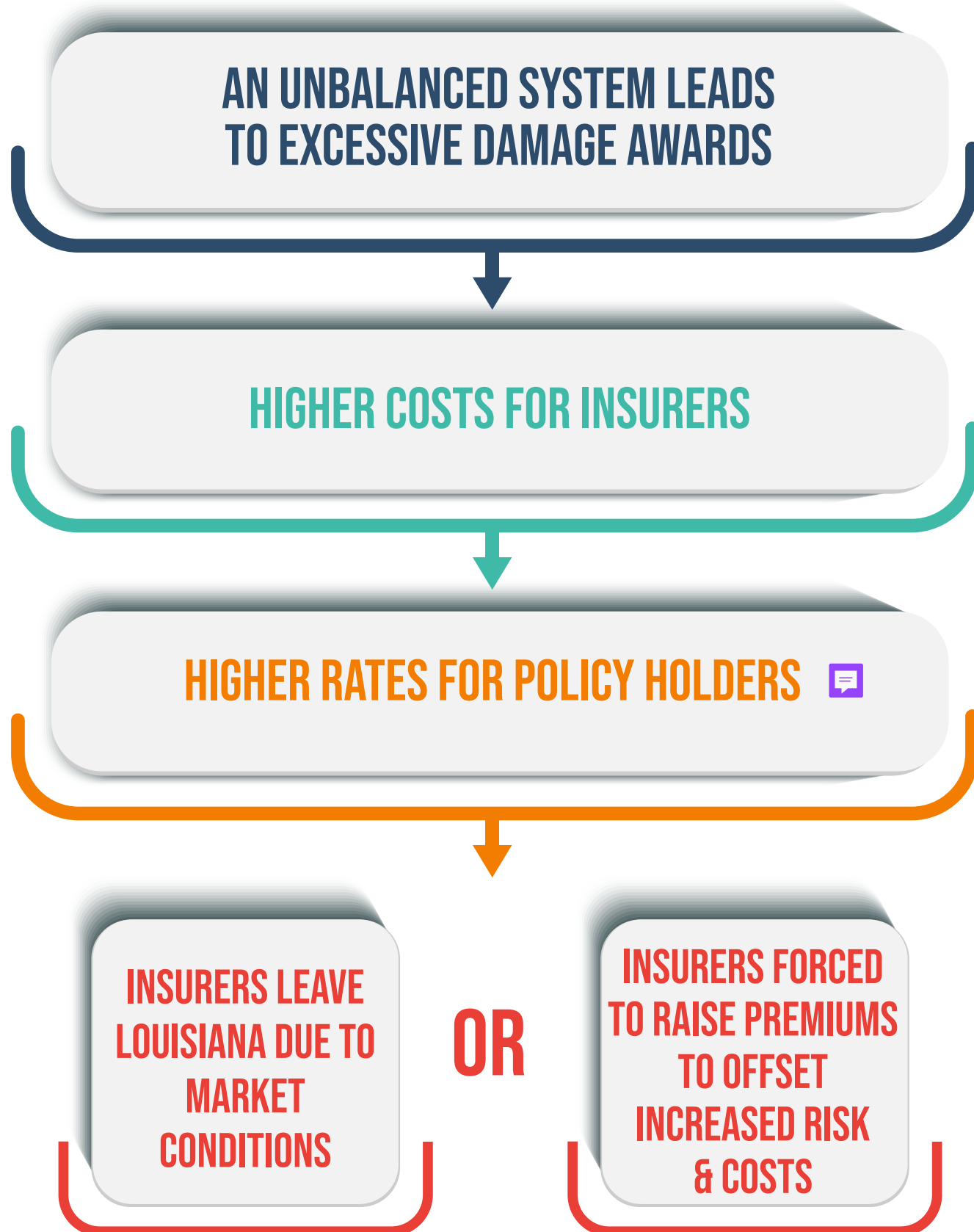


## U.S. AVERAGE CLAIM LITIGATION



**Attorney Involvement:** Louisiana claimants are more likely than those in other states to hire attorneys, leading to **HIGHER CLAIM COSTS AND LONGER SETTLEMENT TIMES.**

## HOW DOES THIS AFFECT LOUISIANA'S AUTO INSURANCE RATES?



**WHILE TRIAL LAWYERS ARE CASHING IN, LOUISIANANS ARE LEFT HOLDING THE BAG.**

# HOW OTHER STATES BALANCE THE SCALES.

While no two states look exactly the same, our peer states – those we are competing with for jobs and economic opportunities – have meaningful checks and balances and safeguards in place to prevent abuse of the legal system. It's time to follow the lead of competing states and prioritize our people and businesses and put an end to the abusive practices that have driven this crisis.

## DAMAGE CAP

**\$5 MILLION**  
cap on non-economic damages for lawsuits against trucking companies

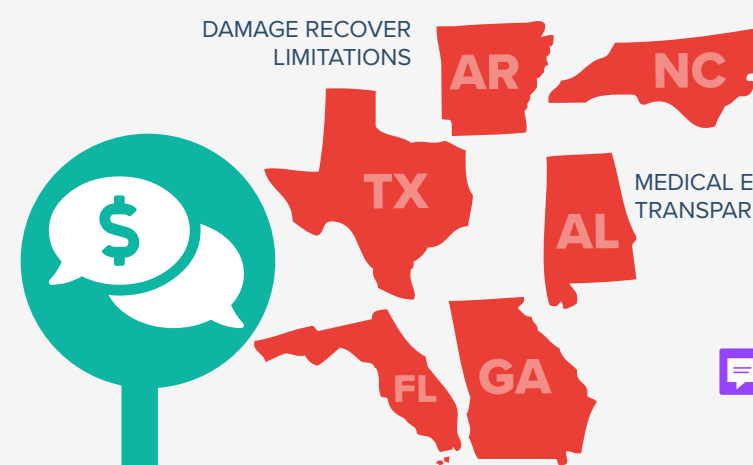


**\$750,000**  
cap on non-economic damages

**\$5 MILLION**  
cap on non-economic damages

**\$1 MILLION**  
cap on non-economic damages

## MEDICAL EXPENSE TRANSPARENCY & DAMAGE RECOVERY LIMITATIONS

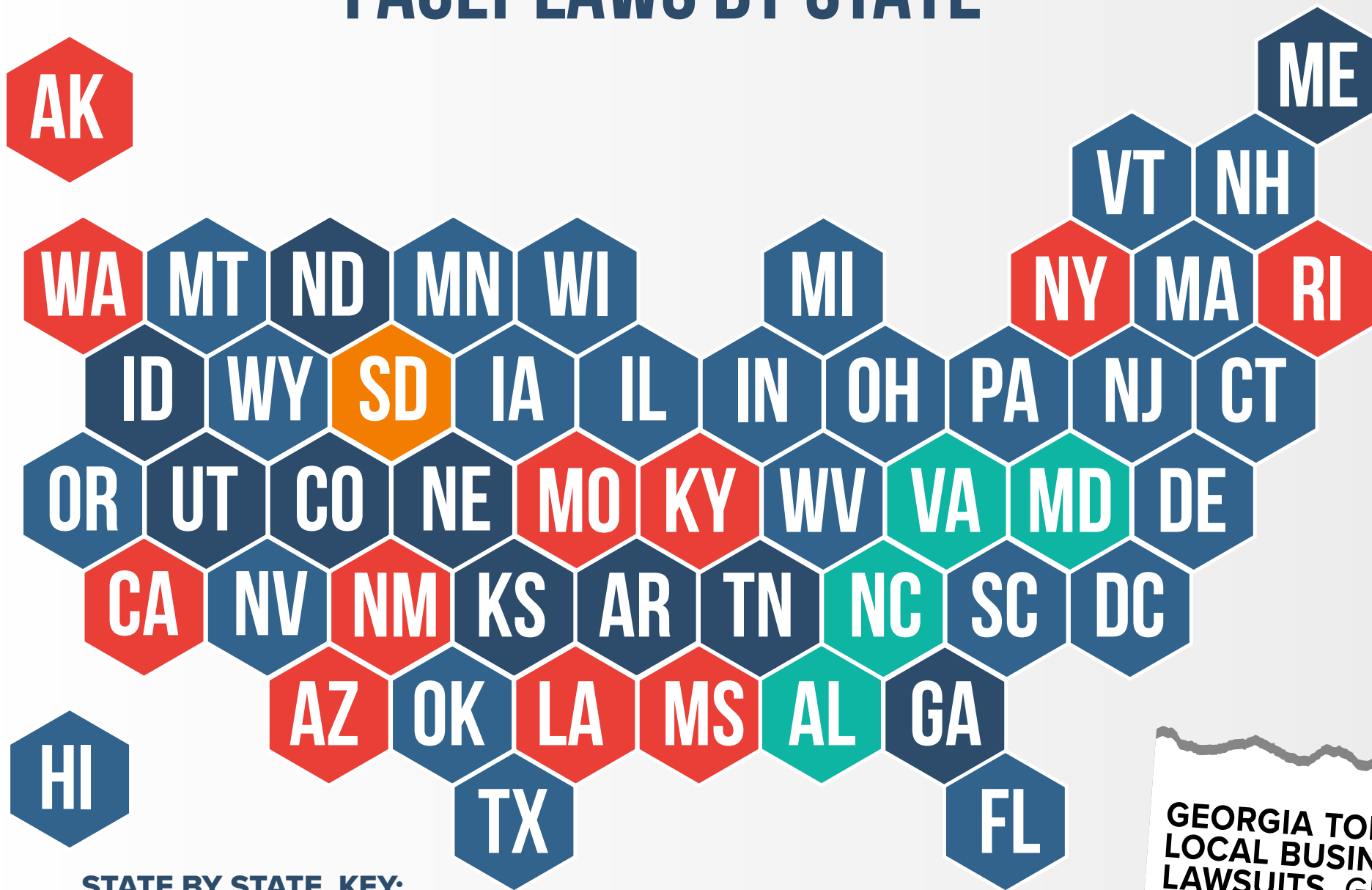


Mitigate runaway damage awards by limiting economic damages (referred to as special damages in Louisiana) to the amount paid, not billed.

In Alabama, evidence of both billed and paid amounts are admissible.

ALLOW FULL ADMISSIBILITY OF EVIDENCE AND LIMIT DAMAGE RECOVERY TO THE AMOUNT PAID, NOT BILLED.

## FAULT LAWS BY STATE



### STATE BY STATE KEY:

- SLIGHT/GROSS NEGLIGENCE
- 50% MODIFIED COMPARATIVE FAULT
- 51% MODIFIED COMPARATIVE FAULT
- PURE COMPARATIVE FAULT
- PURE CONTRIBUTORY NEGLIGENCE

## IN THE NEWS:

### LEGAL REFORMS ADOPTED ACROSS THE SOUTH

CLICK ORLANDO  
Powered by WKMG LOCAL 6  
FEBRUARY 6, 2025  
FLORIDA AUTO INSURANCE RATES SEE PROMISING DECREASES  
GEICO LEADS CHARGE WITH 10.5% DECREASE

Forbes

MARCH 31, 2025

AFTER APPROVAL IN GA., TORT REFORM ADVANCES IN TEXAS AND S.C.

GEORGIA TORT REFORM LEGISLATION WILL PROTECT LOCAL BUSINESSES AND CONSUMERS FROM EXCESSIVE LAWSUITS. GEORGIA'S TORT REFORM AIMS TO BENEFIT LOCAL BUSINESSES AND CONSUMERS BY REDUCING LITIGATION COSTS AND FOSTERING A FAIRER LEGAL SYSTEM.

U.S. Chamber of Commerce

MARCH 11, 2025

# STRATEGIC REFORMS TO MAKE INSURANCE AFFORDABLE AGAIN

Smart policy solutions to reform our legal system aim to rebalance the scales of Louisiana's justice system to end the culture of jackpot justice while appropriately compensating claimants after an accident occurs. Transparency, fairness and accountability are essential to reducing lawsuit abuse in Louisiana to lower insurance costs for business and citizens alike.

## HB 34 – Rep. Brian Glorioso

### MEDICAL EXPENSE TRANSPARENCY

This bill limits a plaintiff's recovery to the "reasonable expenses" related to the claim, allowing evidence of the amount paid, amount billed, or both, to establish the basis for calculating damage awards for medical expenses. It also provides for the admissibility of more evidence currently hidden from the courts.

## HB 431 – Rep. Emily Chenevert

### MODIFIED COMPARATIVE FAULT

This bill shifts Louisiana from a pure comparative fault system to a modified comparative fault system, barring damage recovery if the claimant is 51% or more at fault in causing their own damages.

## HB 432 – Rep. Emily Chenevert

### THIRD-PARTY LITIGATION FINANCING

This bill amends Louisiana law to limit the recovery by litigation financiers to no more than the plaintiffs' share of the proceeds after attorney fees and costs, and requires attorneys to disclose and provide a copy of any litigation financing agreement to their clients within 30 days.

## HB 434 – Rep. Jason DeWitt

### NO PAY, NO PLAY EXPANSION

This bill expands Louisiana's No Pay, No Play law by barring damage recovery for the first \$100,000 of bodily injury and property damage for auto accidents if the claimant fails to maintain the auto insurance coverage required by law.

## HB 435 – Rep. Peter Egan

### GENERAL DAMAGE CAP

This bill limits general damage recovery—which includes non-economic damages such as pain and suffering and emotional distress—to \$5 million.

## HB 443 – Rep. Chance Henry

### PRE-SUIT NOTICE

This bill requires attorneys in civil actions to notify defendants of their intent to file a lawsuit within 10 days of the attorney being retained. This bill aims to restore fairness to the courts, giving the defense an opportunity to mitigate the claim before a lawsuit is filed.

## HB 450 – Rep. Michael Melerine

### ELIMINATION OF THE HOUSLEY PRESUMPTION

This bill eliminates the Housley Presumption, promoting balance in our legal system by shifting the burden of proof back to the plaintiff to prove that their injuries were caused by the accident.

## SB 150 – Sen. Kirk Talbot

### MEDICAL EXPENSE TRANSPARENCY

This bill allows for transparency of medical expenses billed and paid, permits the use of expert testimony and agreements between healthcare providers and third parties. The bill also limits damage awards to the amount actually paid, in addition to projected related medical expenses to be paid in the future. The jury may also award up to 1.5 times the amount of premiums paid for the year preceding the date of the accident.

## SB 230 – Sen. Caleb Kleinpeter

### MEDICAL EXPENSE TRANSPARENCY

This bill limits the recovery of medical expenses to the lesser of the amount actually paid to a health care provider or the usual and customary rate.

## SB 231 – Sen. Mike Reese

### MEDICAL EXPENSE TRANSPARENCY

This bill allows the introduction of evidence of both amounts billed and paid to establish the reasonableness of medical expenses and to serve as the basis for determining damage awards. The bill also permits the admissibility of agreements between a health care provider and a third party responsible for the financing of medical expenses.

## SB 111 – Sen. Alan Seabaugh

### GOOD FAITH & FAIR DEALING

This bill builds upon 2024 reforms that established what constitutes good faith and fair dealing for insurers. It provides for mutual responsibilities for all parties in an effort to enhance fairness and promote accountability in the insurance claims process.



# ACT NOW

Louisiana is on the cusp of an economic boom following historic tax and education reform and economic investment. But our insurance market, fueled by an abusive legal climate, is keeping our state from reaching our full potential while peer states are aggressively tackling this issue head on.

Louisiana businesses are ready to compete. They're ready to grow. But they can't do that if they're being crushed by a broken system that punishes everyone — consumers, businesses and communities alike. Lawmakers must end jackpot justice to stimulate competition in Louisiana's insurance market, unleashing Louisiana's power.

**MORE INSURERS**

→ **MORE COMPETITION**

**MORE COMPETITION**

→ **LOWER RATES**

## IT'S THAT SIMPLE



### SCAN THE QR CODE

Tell your legislators enough is enough—it's time to stand with hardworking Louisianans and fix this crisis now!