



#HeadsUp

Insurance Claims on the Rise

Vehicle accidents on the rise in Colorado

The surge in traffic accidents and fatalities in Colorado is a major safety concern and increases costs for all consumers

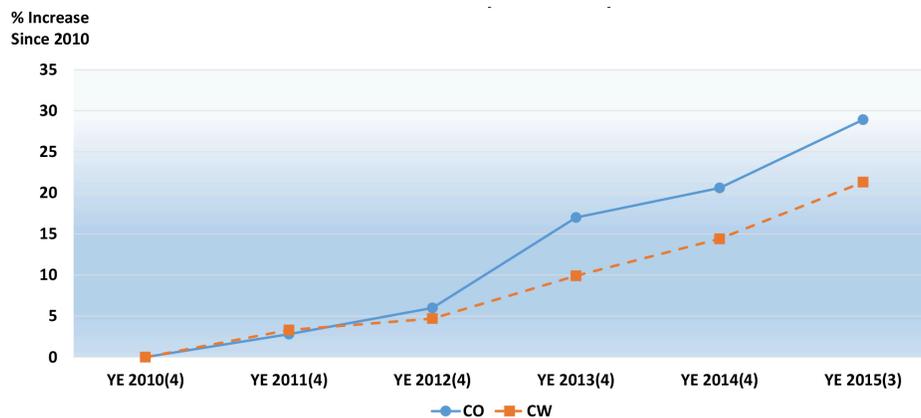
Introduction

There are new, alarming highway safety statistics that could impact Colorado motorists, pedestrians, and insurance consumers. Enhanced safety technology has made automobiles drastically safer for passengers. Yet, auto accidents and road fatalities are rising sharply across the country due to a variety of human behavioral factors and roads that are increasingly congested and aging.

According to the Colorado Department of Transportation (DOT), 2015 was the deadliest year since 2008, with the number of traffic fatalities increasing 12 percent over the previous year. As a result of the recent surge in auto accidents, Colorado's vehicle damage insurance claims have been climbing. Its growth rate since 2013 is now 4th highest in the nation.¹ The trend in the combined injury and vehicle damage loss cost per insured car in the state has far surpassed the countrywide average. The overall losses for accidents and injuries may ultimately be absorbed by Colorado drivers.

Improving safety on the roads is the first priority for policymakers. However, the increase in auto accidents also could be impacting Colorado consumers' auto insurance costs. With the rise in auto accidents, Colorado auto injury and vehicle damage claims are spiking. This increase occurs at a time when automobiles are more expensive to repair. The higher frequency and severity combined could put upward pressure on auto insurance costs.

Overall injury and vehicle damage losses in Colorado have accelerated since 2013, much more quickly than countrywide



YE: year end, rolling 4 qtrs.

¹ Fast Track Monitoring System @3rd Qtr. 2015, a publicly available report of auto loss trends prepared jointly by Independent Statistical Service, Insurance Services Office and National Independent Statistical Service.



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Possible contributing factors

Potential reasons for Colorado's rapid growth in accidents, fatalities and other injuries, leading to higher insurance losses, include but are not limited to the following:²



49 hrs. of yearly delay

per commuter in Denver-Aurora area and **35 hrs. of yearly delay** per commuter in Colorado Springs.



increase in younger and older drivers;³ teen-aged drivers are more likely to get into car crashes while senior drivers are more prone to injuries from an accident.



70% of roads are in poor/mediocre condition and 17 percent of bridges are structurally deficient or functionally obsolete.



No ban on hand-held cell phones. Distracted driving contributed to 13 percent of all crashes in Colorado in 2013.



Decriminalized possession and legalized use of recreational and medical marijuana.



Increase of 7.9% in deer collisions from 2014 to 2015.



Second highest increase in collision repair costs from 2013 to 2014.



Unsafe driving behavior:

- A higher-than-average proportion (about one-third) of fatal crashes involve traffic safety devices (e.g., running stop signs).
- More than a third of fatalities in the state are related to speeding.
- Relatively high increase in the cost of collision repairs from 2013 to 2014.
- More than 65,000 people reported road rage incidents in 2014, the largest number since 2007. These incidents have jumped sharply due in part to congested roads and construction detours.

What can be done?

Policy options to reduce accident frequency

- Support the implementation and enforcement of distracted driving and aggressive driving laws.
- Support shorter license renewals, more frequent vision testing and in-person renewal for older drivers.
- Examine the effects of legalizing marijuana on impaired driving.
- Support the implementation and enforcement of impaired driving laws to include marijuana usage.

Policy options to reduce accident costs

- Allow insurers to work with auto body repair shops and glass companies to provide cost-effective and reliable repairs.
- Support the implementation and enforcement of fraud laws (chop shops, fraudulent medical billing, etc.).
- Support the implementation of tort reform.

² Sources include Texas A&M Transportation Institute and INRIX, Inc., U.S. Federal Highway Administration, U.S. Department of Transportation, U.S. Bureau of Commerce, Governors Highway Safety Association, Colorado DOT, CarInsuranceComparison.com, Colorado State Patrol, State Farm Mutual Auto Ins. Co., and Audatex.

³ Population (15-24 yrs. and 75 and over) is used as a proxy for young drivers and senior drivers, respectively.