

Motivation for Attorney Involvement in Auto Injury Claims



Motivation for Attorney Involvement in Auto Injury Claims

Insurance Research Council
November 2016

This report, *Motivation for Attorney Involvement in Auto Injury Claims*,
is available from the

**Insurance Research Council, A division of
The American Institute For Chartered Property Casualty Underwriters**

718 Providence Road

Malvern, Pennsylvania 19355-3402

Telephone 610.644.2212

Fax 610.640.5388

www.insurance-research.org

© 2016, Insurance Research Council

All rights reserved.

ISBN: 978-1-56594-115-1

Acknowledgments

This report was created with valuable input and advice from the Insurance Research Council (IRC) Motivations for Hiring Attorneys Project Committee. In addition, many individuals within The Institutes contributed to the editing, layout, and design. The IRC wishes to express its gratitude to all these individuals.

Wayne Dean
Insurance Research Council Advisory Board, Chairman

Project Committee

Ed Collins, Allstate Insurance Company
Wayne Dean, State Farm Insurance Companies
Bob Passmore, Property Casualty Insurers Association of America
Steven Peloquin, Amica Mutual Insurance Company
Robert Detlefsen, National Association of Mutual Insurance Companies

Contents

Executive Summary	1
Key Findings	2
Methodology.....	3
Findings.....	5
Incidence of Auto Accidents and Injuries	7
Contact Initiated by Respondent.....	8
Contact Initiated by Professional.....	9
Method of Attorney Contact	10
Filing Auto Injury Claims	11
Satisfaction With Claim Process.....	12
Attorney Advertising	13
Attorney Consultation	14
Attorney Involvement by Exposure to Advertising.....	15
When Claimant First Contacted Attorney.....	16
Methods of Finding Attorney.....	17
Reasons for Talking to Attorney	19
Reasons for Not Hiring Attorney.....	20
Hiring Attorneys	21
Attorney Involvement by Satisfaction With Claim Process	23
Services Provided by Attorney.....	24
Awareness of Litigation Financing.....	25
Time to Claim Settlement by Attorney Involvement	26
Attorney Compensation.....	27
 Appendix	 29
Motivations for Attorney Involvement Survey With Results	31

Executive Summary

The prevalence of attorneys in auto injury claims is an important factor in the cost of auto insurance and has been increasing over the past decade, especially among first-party claims.¹ The Insurance Research Council (IRC) has found that the average claimed economic loss (which includes medical and other out-of-pocket expenses) was more than three times higher for claimants with attorneys than for claimants with similar injuries who did not hire attorneys.² Several reports published by the IRC document the costs of attorney involvement for the auto insurance system in the form of excessive utilization of medical services, claim abuse, litigation, and, ultimately, upward pressure on the cost of insurance for consumers.

In addition to the costs to the system as a whole, there are also costs to the individuals hiring attorneys. The settlement amount that claimants with attorneys ultimately receive from insurers is reduced by the economic expenses that must be reimbursed, such as medical costs, as well as by the attorney fees, resulting in a net payment that is on average lower than the net payment received by similarly injured claimants without attorneys.³ Additionally, represented claimants wait longer than nonrepresented claimants before receiving their final insurance claim payment.⁴

This report will delve into what motivates claimants to seek the services of an attorney when settling an auto injury claim. The study identified a group of respondents who had been in auto accidents within the past three years and asked about their experiences following the accidents. Who did they contact? Who initiated contact with them? Were they injured, and, if so, did they file auto injury insurance claims? How did they feel about the settlement of those claims? Did they meet with an attorney and, if so, why? How did they find their attorneys and when did they first contact them? What services did their attorney provide and how were the legal fees structured? For claimants who did not hire an attorney they met with, what were their reasons for that decision?

Some observers would argue that legal representation is necessary to ensure a fair claim settlement and to help consumers navigate what they perceive as a complex process. This study shows that claimants who are satisfied with the

¹ Insurance Research Council, *Auto Injury Insurance Claims: Countrywide Patterns in Treatment, Cost, and Compensation* (Malvern, Pa.: Insurance Research Council, 2014), p. 31.

² Insurance Research Council, *Attorney Involvement in Auto Injury Claims* (Malvern, Pa.: Insurance Research Council, 2014), p. 31.

³ *Attorney Involvement in Auto Injury Claims*, p. 35.

⁴ *Attorney Involvement in Auto Injury Claims*, p. 40.

payment amount, timeliness, and communication from the insurer were less likely to have hired attorneys. However, a significant percentage of claimants describing themselves as being satisfied with the process hired an attorney to represent them. Moreover, this study shows that the majority of auto injury claimants who seek representation do so very soon after the accident occurs, before there is real opportunity for dissatisfaction or justification for hiring an attorney to arise in the claim settlement process. In addition, claimants are more likely to cite general attitudes, such as “someone told them it was a good idea,” rather than dissatisfaction with insurers as the reason for hiring an attorney.

There is a generally held, but often inaccurate, belief that hiring an attorney is a necessary part of settling an injury claim. Personal injury lawyers spend significant amounts of money to reinforce this idea — \$892 million in 2015 for advertising on television alone.⁵ This of course does not include the amount spent on radio ads, billboards, and the placement of internet ads. This study looks at respondents’ exposure to advertising and finds a link to the decision to consult with and hire an attorney.

As the industry explores solutions to lower the costs of auto insurance, decreasing attorney involvement in auto injury claims should be considered. Given the motivations discussed in this report, it may not be enough for insurers to maintain positive claim settlement practices and interactions with claimants; efforts also need to be focused on how to reduce the popular conception that attorneys are necessary for claimants to receive a fair settlement.

Key Findings:

- Nearly half (48 percent) of respondents who filed auto injury claims hired attorneys to help settle those claims. Among the 52 percent who did not hire attorneys, 26 percent (16 percent of total claimants) talked to an attorney but did not hire one.
- The rate of attorney involvement was higher among claimants who had third-party claims, were dissatisfied with aspects of claim settlement process, were older, or who lived in the Northeast region.
- Eleven percent of all respondents involved in auto accidents reported a lawyer initiating contact with them afterward. More than half of those contacted by attorneys received telephone calls; nearly one-third received mail solicitation.

⁵ U.S. Chamber Institute for Legal Reform, Trial Lawyer Marketing: Broadcast, Search and Social Strategies, October 2015, www.instituteforlegalreform.com/research/trial-lawyer-ad (accessed October 10, 2016).

- Among those who consulted with attorneys, more than half first contacted the lawyer within one week of the accident. The most common reason for talking with an attorney was that an acquaintance or family member told them it would be a good idea (33 percent).
- Nearly one-third of respondents who contacted attorneys found the lawyer through a recommendation from an acquaintance or family member. One-quarter found an attorney through advertising for legal services. One in ten was referred to a specific attorney by their medical provider.
- Among those who did not hire an attorney, the most commonly cited reason involved satisfaction with the fairness and promptness of the insurer's settlement of the claim.
- Respondents who hired attorneys reported a variety of services performed by their lawyer, including filing claims and negotiating settlements. In addition, more than one in three received help in arranging payment of medical bills while their claim was pending, and one in four were advised which medical providers to use.
- Claims with attorneys took longer to settle than those without attorney involvement. Only 10 percent of claimants who hired attorneys received final settlement within 3 months of their accident, compared with 24 percent of claimants who did not hire attorneys.
- When claimants hire attorneys, the net amount of payment they receive is reduced by the attorney's compensation. Nearly three-quarters of represented claimants reported that their attorneys were paid with a percentage of the settlement amount (sometimes called a contingency fee). When asked to specify the percentage, the majority estimated it to be between 30 and 33 percent.

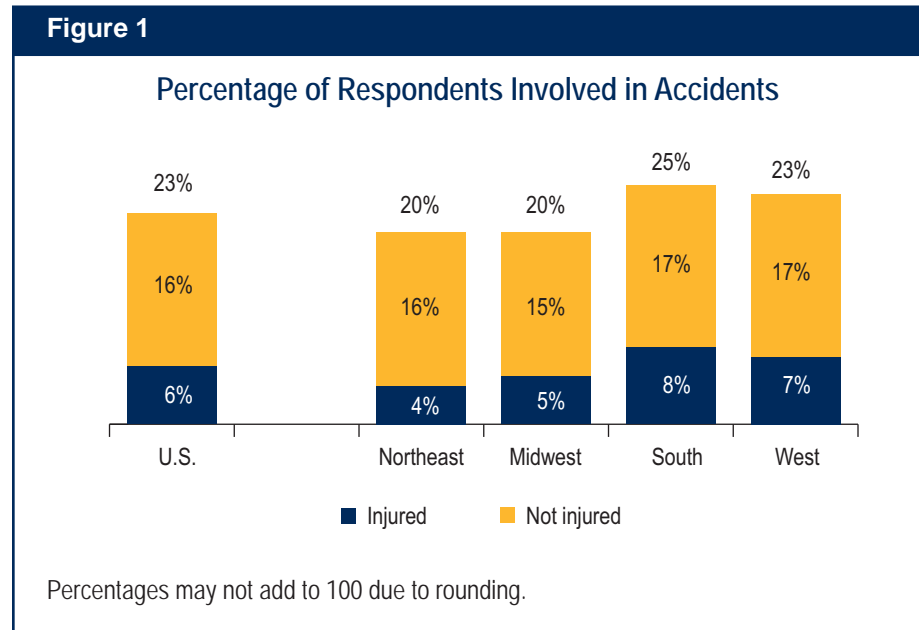
Methodology

The report presents findings from an online survey conducted by GfK Public Affairs & Corporate Communications (GfK) on behalf of the IRC. GfK initially screened 27,126 respondents, with follow-up questions asked of those reporting they had been in accidents, had been injured, had filed injury claims, and had hired attorneys. Interviews were conducted in July 2016. Survey data were weighted to the United States population of adults aged 18 and above to ensure a representative sample for analysis. The survey questions used in the study, along with the weighted responses, can be found in the appendix to this report.



Findings

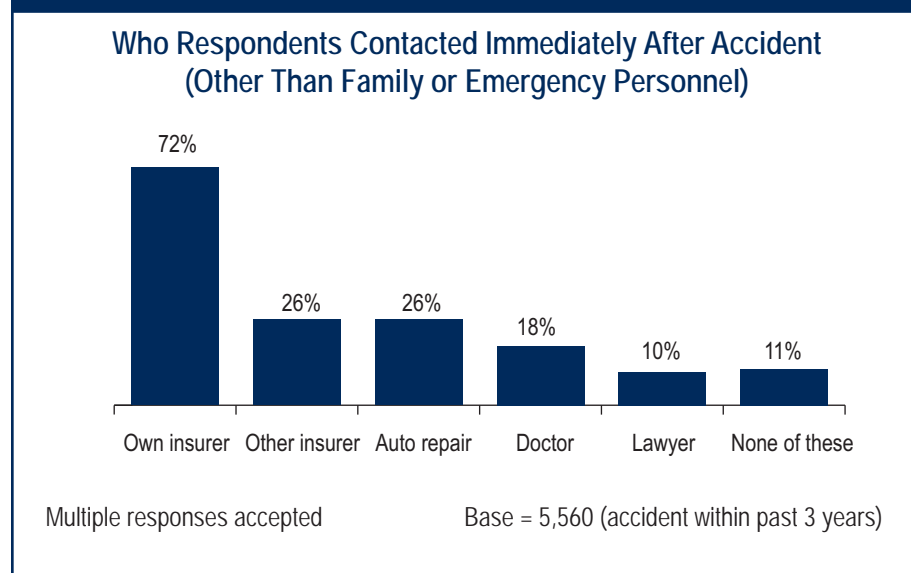
Incidence of Auto Accidents and Injuries



- Twenty-three percent of the 27,126 respondents initially surveyed indicated that they or a member of their household had been involved in an auto accident in the past three years.
- Accident frequency varied somewhat according to demographic characteristics. Accident incidence was higher among respondents in the South and West regions (25 percent and 23 percent, respectively) than in the Northeast and Midwest (20 percent for both). Respondents aged 18 to 34 years were more likely to report being in accidents (29 percent), as were respondents with household income of \$100,000 or more (25 percent).
- Among respondents who reported an accident in their household, 28 percent indicated that the accident resulted in injuries; this represents 6 percent of the total sample. The percentage of accident victims who experienced injuries was 31 percent in the South and 28 percent in the West, compared with 22 percent in the Northeast and 26 percent in the Midwest.
- Female respondents were slightly more likely than male respondents to report injuries (30 percent compared with 26 percent). Respondents with income less than \$50,000 were more likely to report injuries than respondents with higher incomes—37 percent, compared with 23 percent. One-third of urban respondents in accidents were injured, compared with 25 percent of accident victims in suburban or rural areas.

Contact Initiated by Respondent

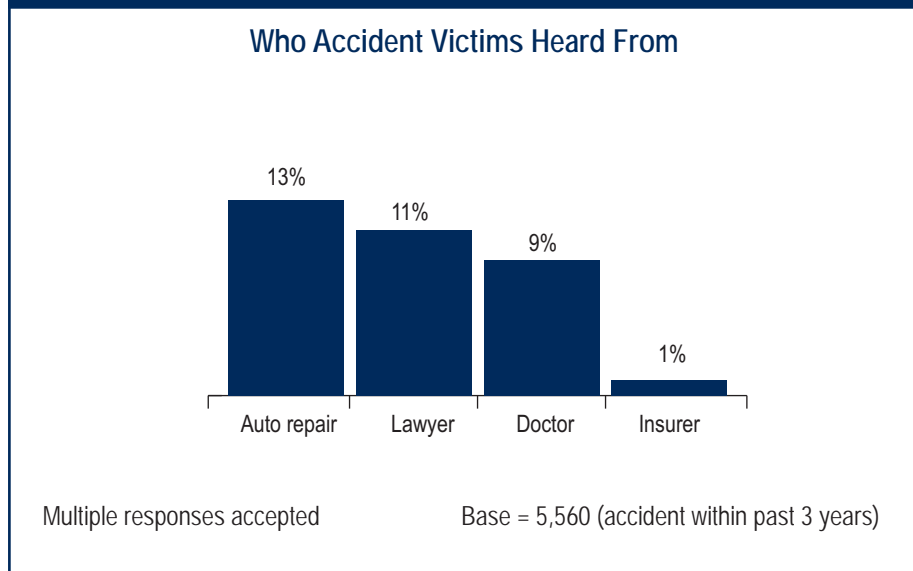
Figure 2



- Respondents were asked what types of professionals (other than family members and emergency personnel) they contacted immediately after their accidents.
- The majority of respondents (72 percent) indicated that they contacted their own insurer after the accident. Older respondents were more likely to say that they contacted their insurer (78 percent among respondents aged 65 years or older, compared with 69 percent among respondents aged 18 to 34 years). In contrast, younger respondents were more likely to contact another insurer (28 percent, compared with 20 percent among respondents aged 65 years or older).
- Ten percent of respondents reported that they contacted a lawyer immediately after their accidents. This percentage was higher among respondents with income less than \$50,000 (14 percent), respondents in the South (12 percent), and respondents in urban areas (14 percent).

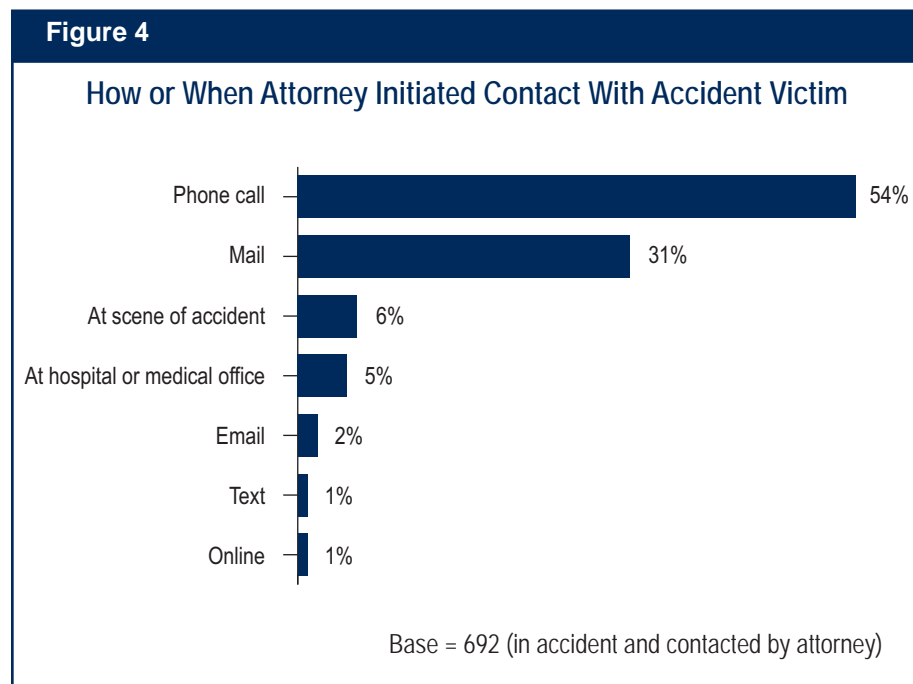
Contact Initiated by Professional

Figure 3



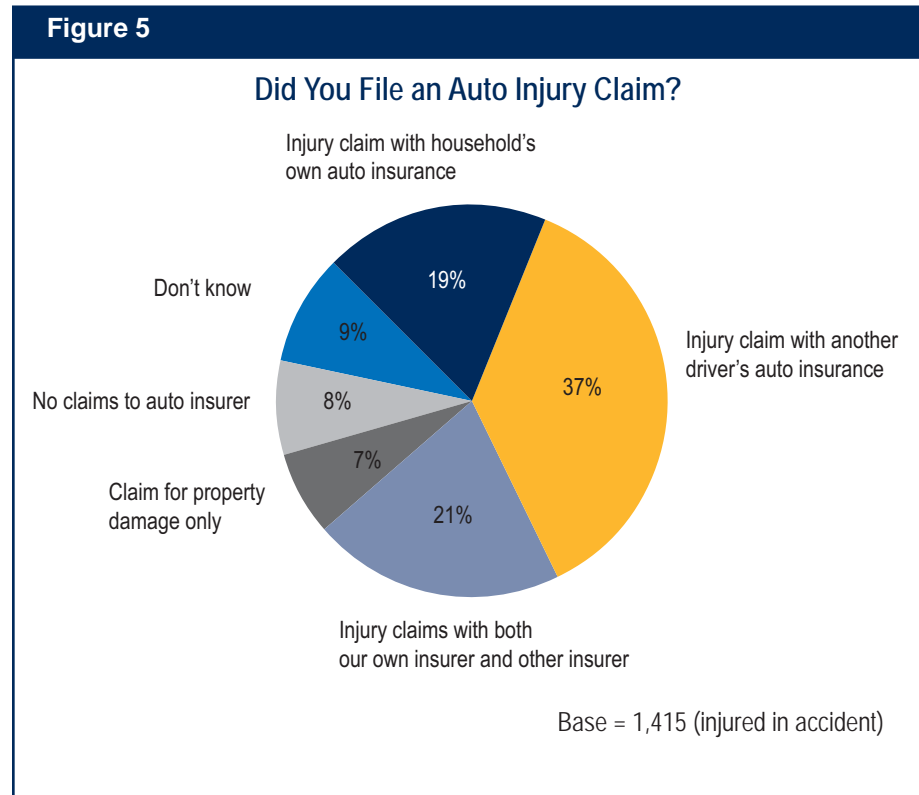
- The number and types of service providers that solicit business from people involved in accidents can influence the outcome of auto injury claims. Nearly half (47 percent) of accident victims reported that some type of professional had initiated contact with them following their accidents. Thirteen percent of respondents were contacted by auto repair professionals, 11 percent were contacted by attorneys, and 9 percent were contacted by medical providers.
- Respondents in urban areas were more likely than those in suburban and rural areas to receive these solicitations. For example, 16 percent of urban respondents received communications from attorneys after their accident, compared with only 9 percent of respondents in suburban and rural areas.
- The solicitation of business from auto accident victims is a concern in efforts to combat insurance fraud. In many jurisdictions, auto accident reports are publicly available, and unscrupulous medical service providers and attorneys can hire so-called “runners” to gather the names of accidents victims and recruit customers for their practices. Some states have introduced penalties for runners who recruit patients or clients as part of an insurance fraud scheme.

Method of Attorney Contact



- Phone calls and mail solicitation were the most frequently cited methods attorneys used to contact potential clients. More than one half of accident victims contacted by attorneys received phone calls from lawyers.
- Thirty-one percent received solicitation through the mail. In-person solicitation was much less common, with 6 percent of respondents reporting lawyer contact at the scene of the accident and 5 percent at a hospital or medical office.
- Respondents in urban areas were more likely than those in suburban or rural areas to be contacted by an attorney via telephone (63 percent, compared with 49 percent) and less likely to be contacted by mail (22 percent, compared with 39 percent).
- Auto repair shops were more likely to initiate communication with telephone calls. Among respondents who received contact from auto repair shops, 84 percent received phone calls. Nine percent were contacted at the scene of the accident, and only 3 percent received mail from auto repair shops.

Filing Auto Injury Claims

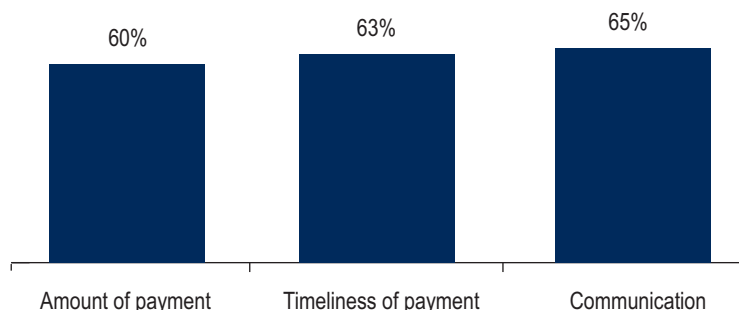


- More than three-quarters (76 percent) of respondents saying they were injured reported filing an auto injury insurance claim. There were no statistically significant differences in the propensity to file injury claims across the demographic groupings.
- Twenty percent of injured respondents filed claims with their household's own insurer, 37 percent filed with another driver's insurance company, and 21 percent filed a claim with both their own and another insurer.
- Seven percent of injured respondents indicated that they filed only property damage claims, and 8 percent said that they did not file any auto insurance claims following their accidents. Nine percent reported they did not know whether auto claims were filed.
- Among all those filing injury claims, 75 percent reported that their claim had been settled, while 26 percent reported that their claim was still pending.

Satisfaction With Claim Process

Figure 6

Percentage Saying They Were Very or Somewhat Satisfied With Elements of a Claim Settlement



Base = 769 (injury claim settled)

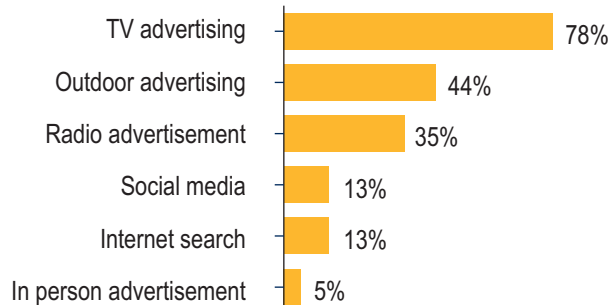
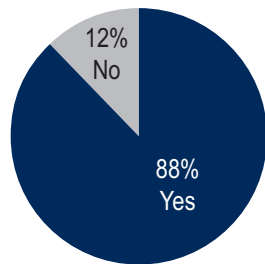
- The majority of auto injury claimants reported satisfaction with various aspects of the claim settlement process.
- Nearly 60 percent said they were very satisfied (25 percent) or somewhat satisfied (34 percent) with the amount of payment from the auto insurance company. With respect to the timeliness of the payment, 63 percent reported satisfaction; 27 percent were very satisfied and 36 were somewhat satisfied. Nearly two-thirds were satisfied with the communications from the insurance company.
- Respondents in the West region were somewhat less likely to be satisfied than those in other regions. For example, 52 percent of respondents in the West reported satisfaction with the timeliness of payment, compared with 71 percent of Midwest respondents.
- There were no statistically significant differences in satisfaction across age, income, or urban status.

Attorney Advertising

Figure 7

Percentage of Respondents Who Have Seen or Heard Attorney Advertising in the Past Year

Types of Advertising Seen or Heard



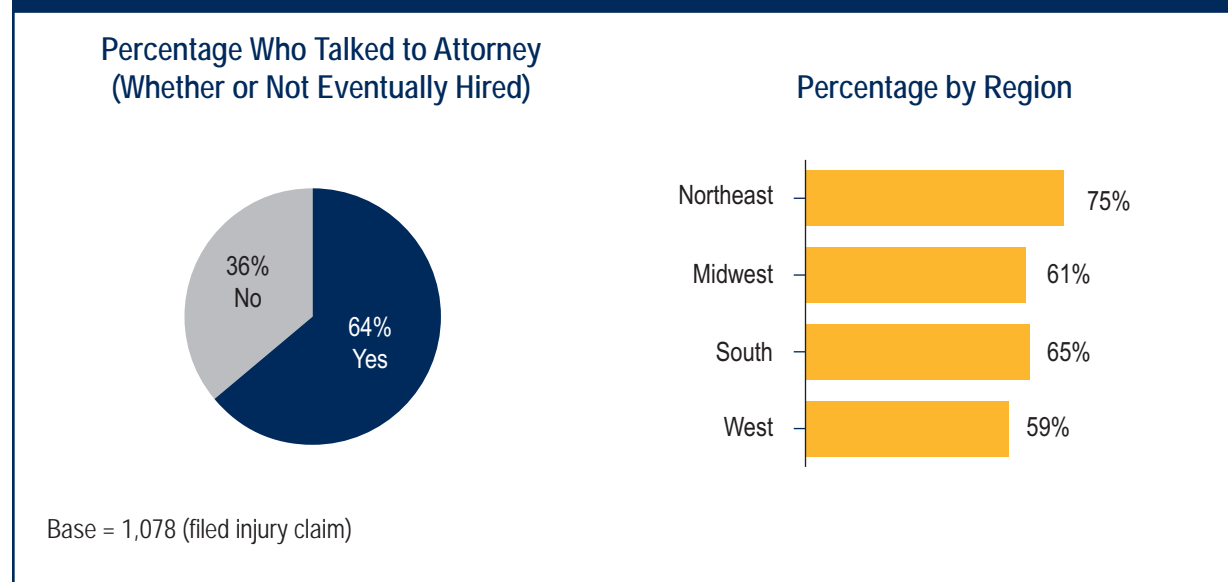
Base = 27,126 (all respondents)

Multiple responses accepted

- Nearly all respondents (88 percent) reported having seen advertising for lawyers or legal services in the past year. The likelihood of seeing legal advertising increased with both the age and the income of respondents. Respondents from the West region were less likely than other respondents to report seeing ads. Urban respondents were somewhat less likely than those in suburban or rural areas to recall ads (85 percent, compared with 89 percent).
- The most common form of advertisement was television ads, cited by 78 percent of respondents. Outdoor advertising, such as billboards and ads on public transportation, were reported by 44 percent of respondents.
- Thirteen percent of respondents reported seeing ads on social media, and 13 percent reported seeing ads during internet searches. Not surprisingly, the likelihood of seeing online ads, either through social media or internet searching, decreased with the age of the respondent. Seventeen percent of respondents aged 18 to 34 years saw ads on social media, more than double the percentage among respondents age 65 years or older.

Attorney Consultation

Figure 8

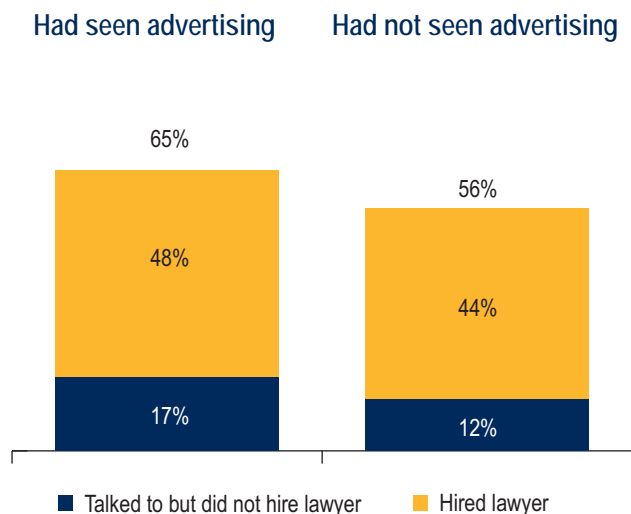


- Nearly two-thirds (64 percent) of injured respondents said they consulted with an attorney about their auto injury insurance claim. Respondents in the Northeast region were more likely than others to consult attorneys (75 percent, compared with 61 percent in the Midwest and 59 percent in the West).
- Nearly three-quarters of urban respondents consulted attorneys, significantly more than the 60 percent among rural and suburban respondents.

Attorney Involvement by Exposure to Advertising

Figure 9

Percentage Talking to Attorneys by Whether Respondent Had Seen Advertising for Attorney Within the Past Year



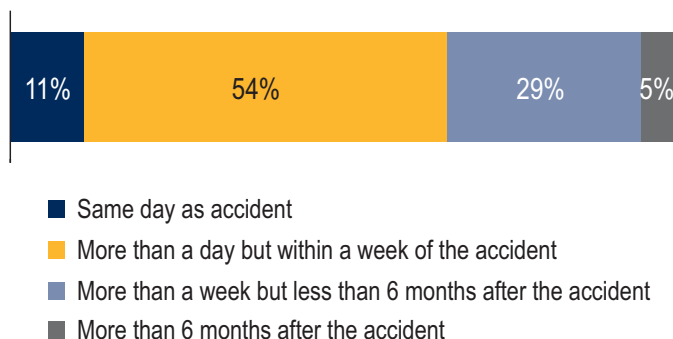
Base = 1,078 (filed injury claim)

- Exposure to advertising for lawyers or legal services was associated with greater likelihood of injury claimants consulting attorneys. Among auto injury claimants who reported seeing attorney advertisements in the previous year, 65 percent talked to an attorney about their insurance claim. In contrast, among claimants who reported seeing no attorney ads, the percentage seeking legal consultation was 56 percent.
- This difference illuminates the impact of the millions of dollars spent on attorney advertising each year. Attorney advertising fosters the view that personal injury lawyers are essential for an injured person filing an auto injury claim, and the resulting increase in attorney involvement adds to the costs of the auto insurance system.

When Claimant First Contacted Attorney

Figure 10

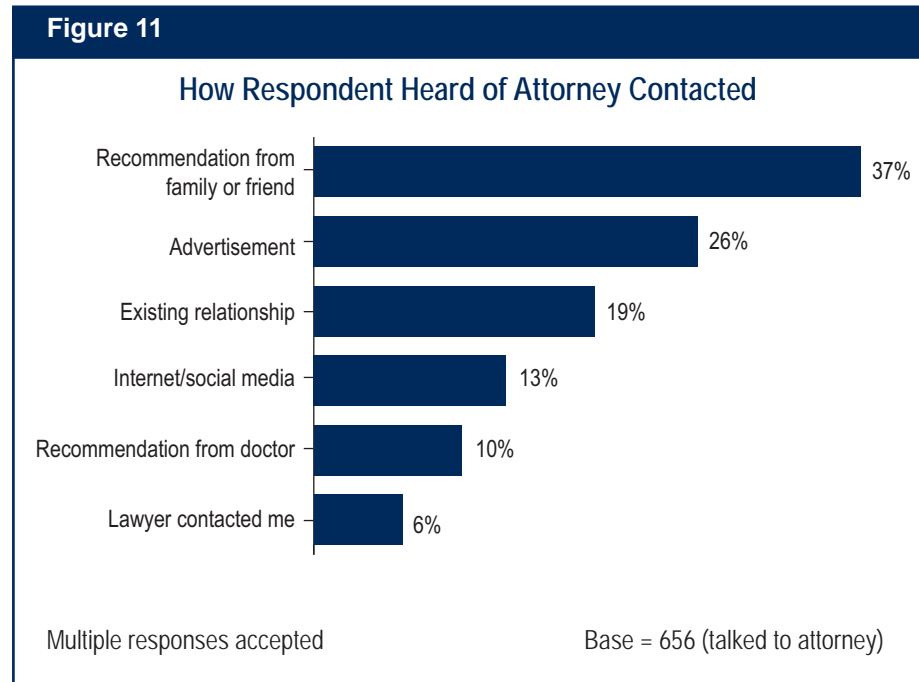
When Did You First Talk With a Lawyer About the Accident?



Base = 1,078 (filed injury claim)

- Injured respondents who chose to consult with a lawyer tended to do so fairly quickly after their accidents. Nearly two-thirds (65 percent) made their first contact with an attorney within one week of their accident. Eleven percent contacted a lawyer on the same day as their accident.
- Urban respondents were more likely than suburban and rural respondents to make contact within the first week (74 percent compared with 60 percent).
- This short amount of time it takes for most auto injury claimants to make their initial contact with their attorneys suggests that the inclination to hire an attorney exists before the emergence of any dissatisfaction with the claim settlement process.

Methods of Finding Attorney



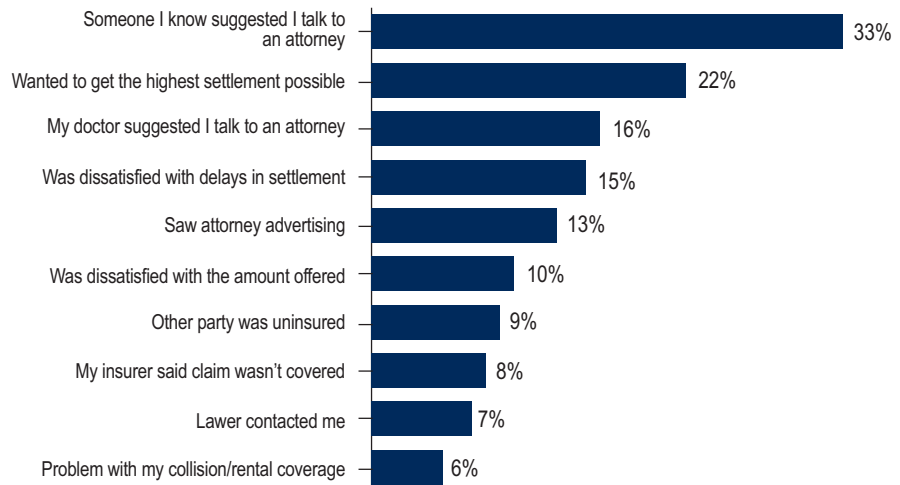
- The most common method for finding an attorney was the recommendation of friends and family, cited by 37 percent of respondents who talked with an attorney about their claim.
- More than one in four (26 percent) found their attorney through advertising. Eighteen percent saw a television commercial, 6 percent heard a radio spot, and 6 percent found their attorney through a billboard or other type of outdoor advertising. Younger respondents and those in the South and West regions were more likely to find their attorneys through advertising.
- Nineteen percent talked to an attorney with whom they had an existing relationship. This was more common among the respondents with higher income who were presumably more likely to have such relationships.
- One in ten respondents reported that their medical provider referred them to a specific attorney. This can be a concern because close relationships between medical providers and personal injury attorneys can sometimes be a sign of potential claim abuse.

- Thirteen percent of respondents located their attorneys through online sources, such as internet searches (11 percent) or social media (3 percent). Not surprisingly, younger claimants were more likely to cite online sources; the percentage among 18 to 34 year-olds was three times that of older respondents.
- Six percent of claimants reported that the lawyer was the one who initiated contact.
- Other less frequently cited sources were the phone book, a local office, through the respondent's employer, or from a mail ad.

Reasons for Talking to Attorney

Figure 12

Why Did You Decide to Talk to an Attorney About Your Auto Injury Claim?



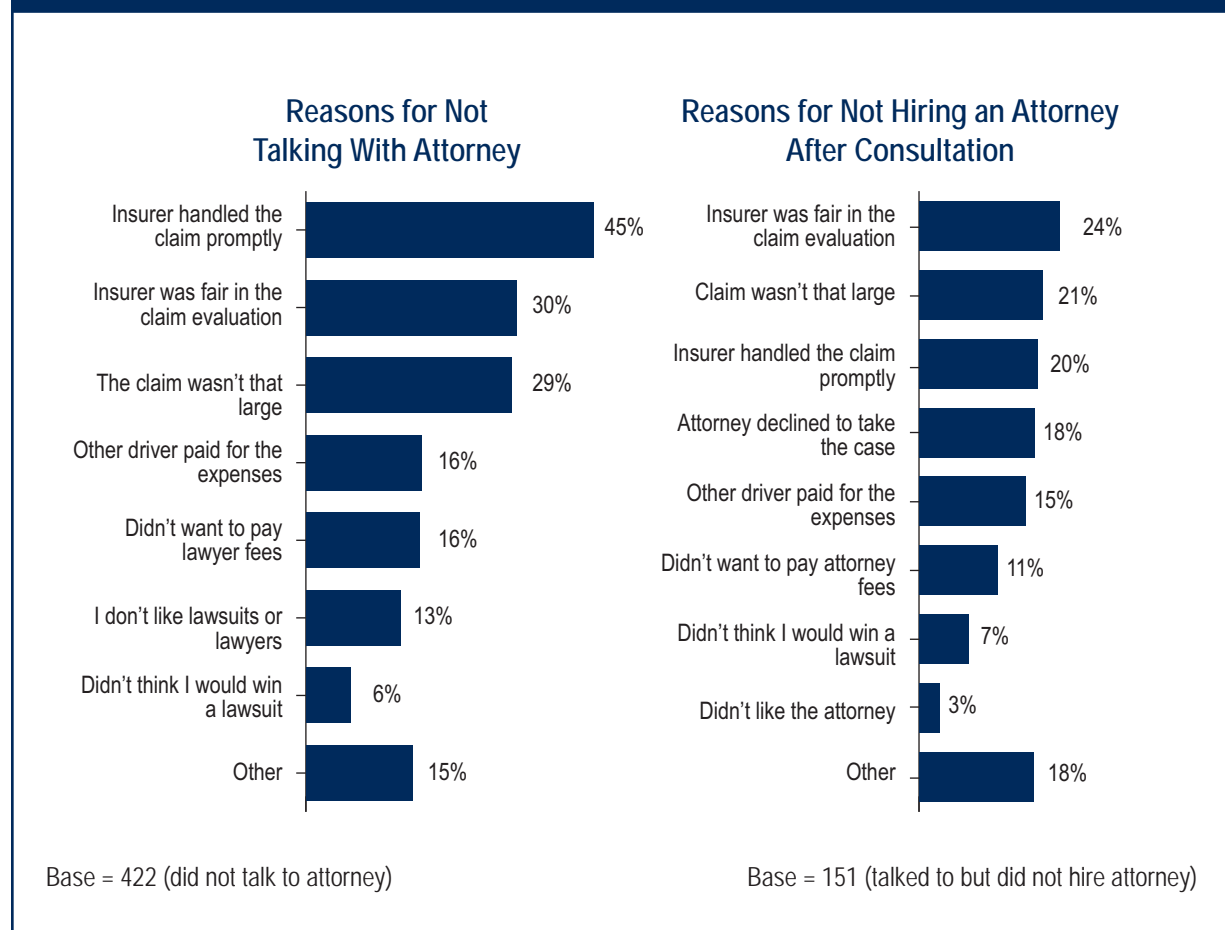
Multiple responses accepted

Base = 656 (talked to attorney)

- The most commonly cited reason for seeking attorney representation was because someone the claimant knew suggested it would be a good idea, indicated by 33 percent of respondents. Reasons such as this are not tied to specific insurer actions and provide evidence of the generalized view regarding attorney in the claim process.
- Nearly one in four (22 percent) respondents said that they talked to an attorney because they wanted to get the highest settlement possible. However, as noted earlier, IRC research has shown that claimants with attorneys often receive lower net compensation after the payment of attorney fees and higher medical bills are considered.
- Interestingly, the percentage of claimants who sought attorney representation because of actual dissatisfaction with claim settlement was relatively low. Just 15 percent of claimants who talked to an attorney cited dissatisfaction with settlement delays as a reason to seek counsel. Only 10 percent cited dissatisfaction with the amount offered.
- The youngest respondents were most likely to cite coverage issues as a reason to talk to an attorney. Twelve percent of claimants aged 18 to 34 years and reported talking to an attorney because their insurer said their claim wasn't covered, double the percentage among older respondents.

Reasons for Not Hiring an Attorney

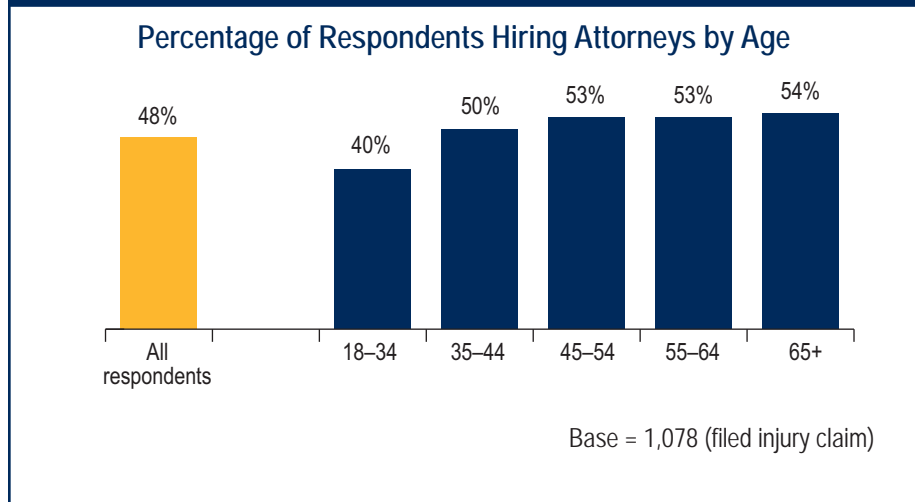
Figure 13



- Respondents reported a variety of reasons why they chose not to talk to an attorney to help settle their injury claim or chose not to hire an attorney they had talked to. The most common reasons for deciding not to hire an attorney were related to positive views of the insurance company's handling of the claim process. Forty-five percent of claimants who did not talk to an attorney said it was because the insurance company handled the claim properly. Among claimants who talked to but did not hire an attorney, 24 percent said it was because the insurance company was fair in the claim evaluation.
- Another common reason was that the claim was not thought to be large enough to justify legal services, reported by 29 percent of those who did not talk to a lawyer.
- Sixteen percent of respondents reported that they did not talk to an attorney because they did not want to pay legal fees.

Hiring Attorneys

Figure 14



- Nearly one half (48 percent) of all injured claimants hired an attorney to help with their auto injury insurance claim.
- Older respondents were more likely to hire attorneys. Fifty-four percent of claimants aged 65 years or older hired a lawyer, compared to 40 percent of those aged 18 to 34 years.
- Respondents who filed injury claims against another driver's insurance company were more likely to hire attorneys than were those who only filed claims with their own household's insurance company. More than half of claimants with third-party claims hired an attorney, compared with 25 percent of those with only first-party claims.
- Not all claimants who consulted with attorneys actually hired them to assist with their auto injury claims. Nearly one-quarter of those who talked to an attorney decided not to hire the attorney.

- The rate of attorney involvement is somewhat higher than found in previous IRC research. The IRC's last consumer panel study, a mail-in survey conducted in 2002, found that 43 percent of respondents hired attorneys to help with auto injury claims.⁶ The 2012 closed claim study showed attorney involvement in 50 percent among bodily injury liability claims but only 36 percent among personal injury protection claims.⁷
- Most claimants (93 percent) who hired an attorney said that they would do so again to settle a similar claim.

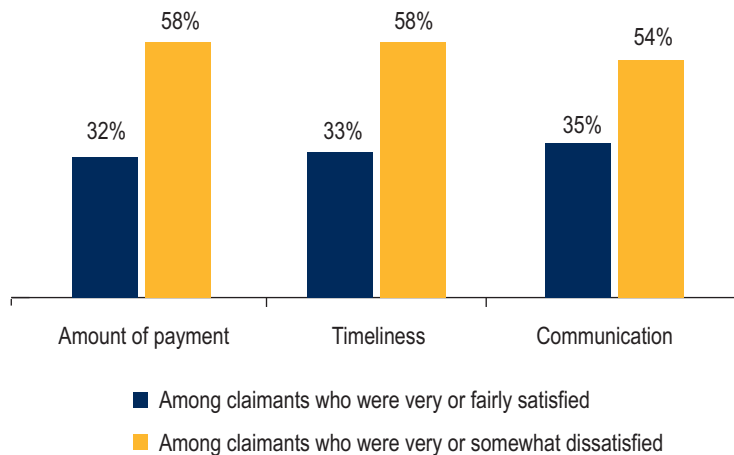
⁶ Insurance Research Council, *Paying for Auto Injuries: A Consumer Panel Survey of Auto Accident Victims: 2004 Edition* (Malvern, Pa.: Insurance Research Council, 2004), p. 36.

⁷ Insurance Research Council, *Auto Injury Insurance Claims: Countrywide Patterns in Treatment, Cost, and Containment* (Malvern, Pa.: Insurance Research Council, 2014), p.31.

Attorney Involvement by Satisfaction With Claim Process

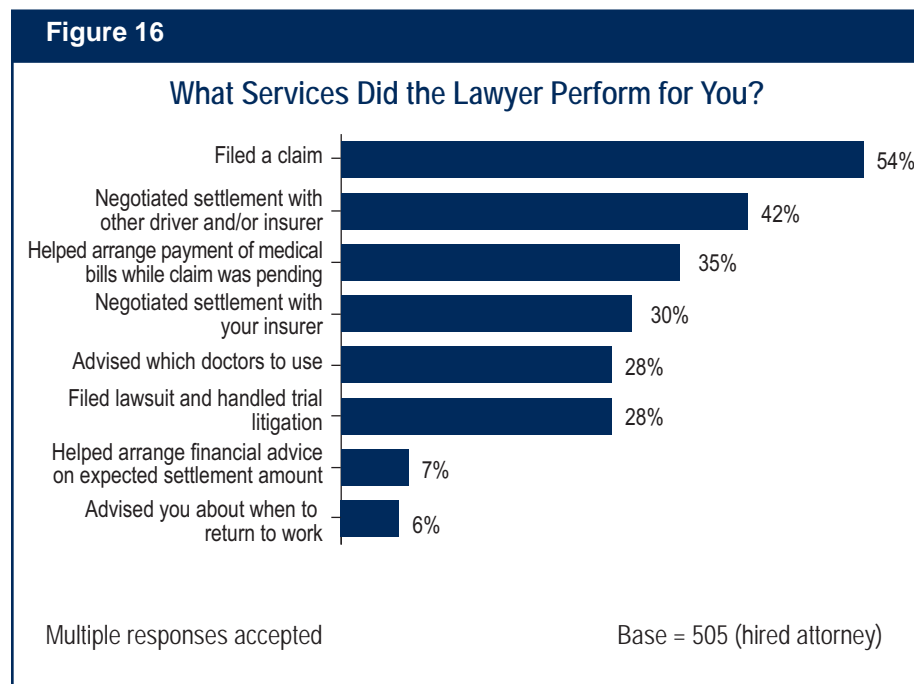
Figure 15

Percentage of Respondents Hiring Attorneys by Satisfaction



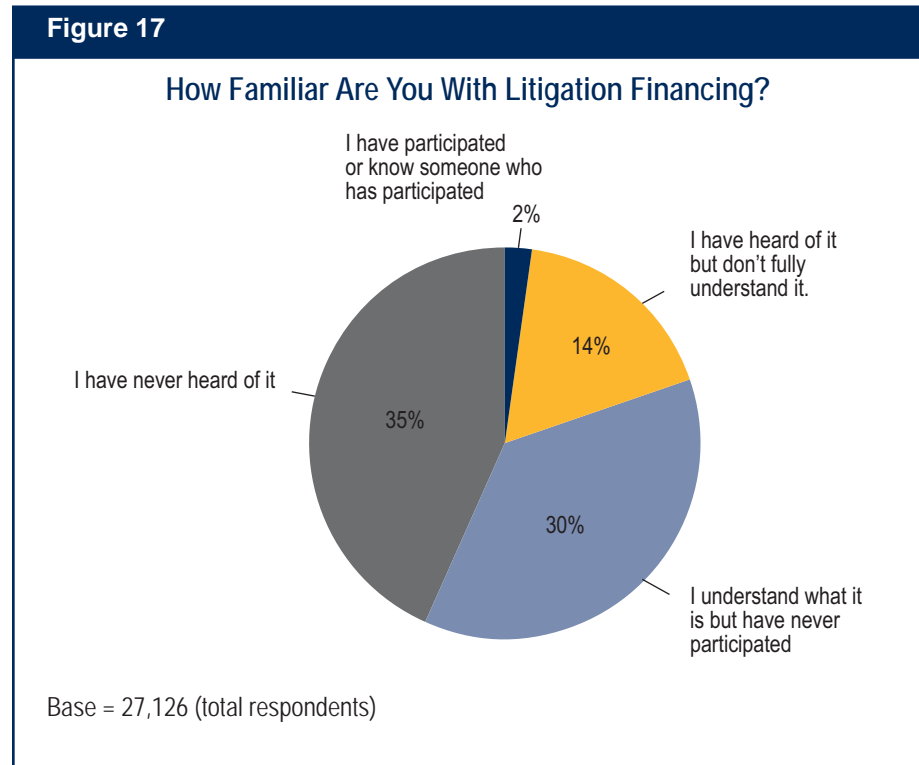
- Not surprisingly, claimants who were not satisfied with aspects of the claims process were more likely to hire attorneys.
- Among claimants who were very or somewhat dissatisfied with the payment amount offered by the insurance company, 58 percent hired an attorney, compared with 32 percent of claimants who were very or somewhat satisfied.
- Similarly, 58 percent of those dissatisfied with the timeliness of payment and 54 percent of those dissatisfied with insurance company communication used an attorney in the claim settlement process.
- Interestingly, one in three claimants who reported being satisfied with the claim settlement process nonetheless hired an attorney. As noted earlier, since the majority of claimants first contacted their attorneys within a week of the accident, it can be assumed that much of the attorney involvement in claims is not due to specific concerns about insurer behavior but rather due to general perceptions regarding the need for representation.

Services Provided by Attorney



- Attorneys may become involved in a variety of aspects of the auto injury claim process. The most commonly cited service provided by attorneys was the filing of insurance claims on behalf of claimants.
- Forty-two percent reported that their attorney negotiated settlement with the other driver's insurer, while 30 percent said their attorney negotiated with their household's own insurer.
- More than one-third (35 percent) received help arranging medical bill payment while the claim was pending, and 28 percent indicated that their attorney advised which doctors the claimant should use. This form of involvement is a concern since attorney involvement has been linked to excessive medical utilization. Urban claimants were more likely than suburban and rural claimants to receive such a recommendation from their attorneys (36 percent, compared with 24 percent).
- Seven percent of claimants reported that their attorney helped arrange a financial advance on the expected settlement.

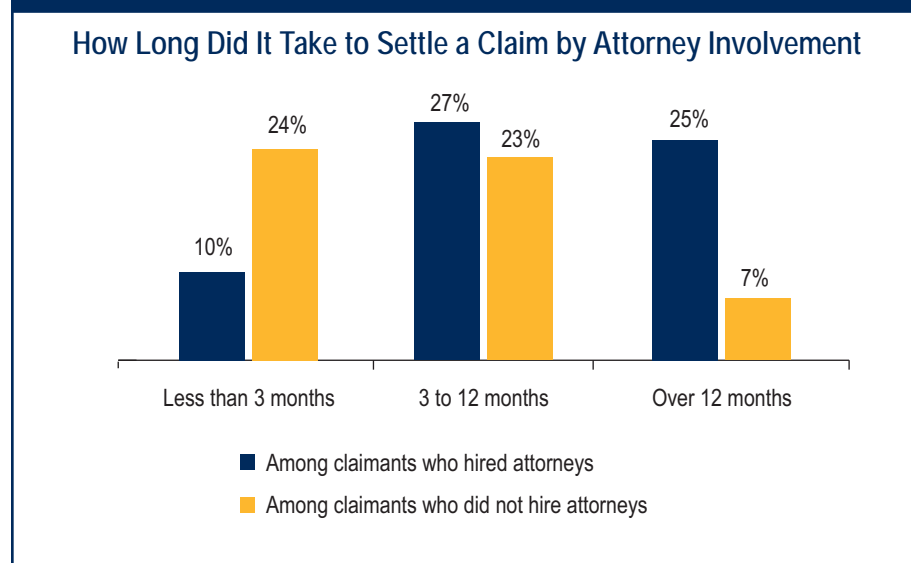
Awareness of Litigation Financing



- Litigation financing is when a person who has filed a lawsuit against another person or organization is loaned money by a financing company to cover living expenses while they await a decision in their lawsuit. The person pays back the money to the financing company, along with fees, only if they win their case.
- After being given this description, respondents were asked about their familiarity with the concept of litigation financing. More than one-third had never heard of litigation financing, and 14 percent said that they had heard of it but did not understand it.
- Only 2 percent of respondents said that they or someone they knew had participated in the practice. Respondents with lower incomes and those in urban areas were somewhat more likely to have experience with litigation financing.

Time to Claim Settlement by Attorney Involvement

Figure 18



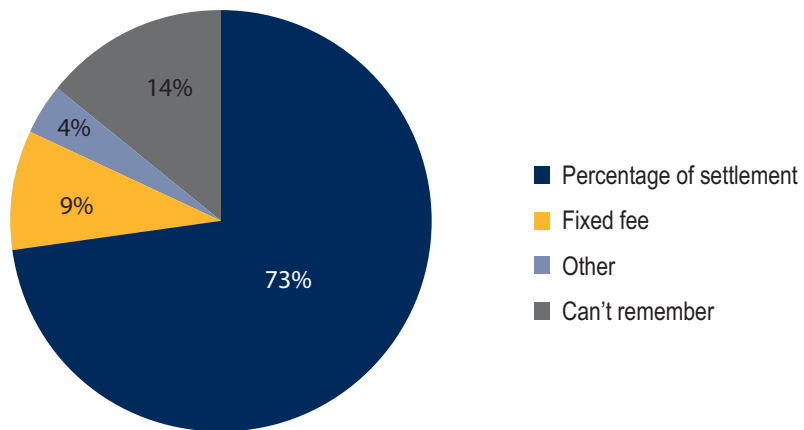
- Claims with attorney involvement take longer to settle than those without attorneys. In part, this is because larger, more complicated claims are more likely to involve lawyers. However, previous IRC research has shown that even when controlling for the severity of the injury or the size of economic loss, attorney representation is associated with delays in the settlement process.⁸
- Among survey respondents who had settled their injury claims, almost one in four (24 percent) claimants without attorneys settled within 3 months, compared with just one in ten claimants who hired attorneys.
- Twenty-five percent of attorney-represented claimants waited more than a year for final settlement, compared with 7 percent of claimants without attorneys.

⁸ Insurance Research Council, *Paying for Auto Injuries: A Consumer Panel Survey of Auto Accident Victims: 2004 Edition* (Malvern, Pa.: Insurance Research Council, 2004), pp. 39–40.

Attorney Compensation

Figure 19

What Payment Arrangements Did You Make With Your Lawyer?



- A majority of claimants (73 percent) who hired an attorney paid their attorney through a contingency fee, or a percentage of the settlement from the insurance company.
- When asked about the specific percentage, respondents provided a wide range of answers. However, 58 percent of responses were between 30 and 33 percent; the median percentage was 30 percent.
- Younger respondents, those with lower incomes, and those in urban areas, were more likely to cite the estimates in the lower range.
- The amount paid to attorneys is important in determining the net financial benefit to consumers from hiring a lawyer to settle a claim. Previous IRC research on attorney involvement has looked at the net auto injury payment to claimants, which is the total settlement amount minus the medical and other economic expenses that must be reimbursed and minus any applicable legal fees. The latest closed claim study showed that, after all expenses were paid, claimants who hired attorneys actually ended up with less money, on average, than those who did not hire attorneys.⁹

⁹ Attorney Involvement in Auto Injury Claims, p. 34.



Appendix— Motivation for Attorney Involvement Survey With Results

Appendix—Motivation for Attorney Involvement Survey With Results

Totals may not add to 100 percent due to rounding. The number of respondents is listed for each question.

A01.	Which of the following types of advertising for lawyers or legal services have you seen or heard in the past year?	
	TV advertising.....	78%
	Outdoor advertising (billboard, public transportation, and so forth)	44%
	Radio ad.....	35%
	Social media	13%
	Internet search.....	13%
	In person advertisement	5%
	None of these.....	12%
	Refused.....	0%
	<i>Base: Total Respondents, n=27,126</i>	

A02.	How familiar were you with litigation financing?	
	I have participated in it or someone I know has participated....	2%
	I have heard of it but don't fully understand it	14%
	I understand what it is but have never participated.....	30%
	I have never heard of it	53%
	Refused.....	0%
	<i>Base: Total Respondents, n=27,126</i>	

- A03. In the past three years, have you or a member of your household been in an auto accident?
- | | |
|---|-----|
| Three Years (NET) | 23% |
| Yes, I was in an auto accident | 13% |
| Yes, a member of my household was in an auto accident ... | 11% |
| No | 77% |
| Refused..... | 0% |
- Base: Total Respondents, n=27,126*

- B01. Other than your family, friends or first responders such as police or emergency paramedics, which of these did YOU/A MEMBER OF YOUR HOUSEHOLD contact right after the accident?
- | | |
|--|-----|
| My insurance company or my insurance agent | 72% |
| The other driver's insurance company | 26% |
| A doctor/medical provider | 18% |
| A lawyer..... | 10% |
| An auto repair shop | 26% |
| None of these..... | 11% |
| Refused..... | 0% |
- Base: Respondent and/or Household Member in Auto Accident in Past Three Years, n=5,560*

B02. Which of the following professionals initiated contact with YOU/A MEMBER OF YOUR HOUSEHOLD after the accident?

Medical Provider	9%
A lawyer	11%
An auto-repair shop	13%
Insurance company/agent	1%
Family member	0%
Friend	0%
Police	0%
Work	0%
Other	16%
None of the above	52%
Don't know	0%
Refused.....	1%

Base: Respondent and/or Household Member in Auto Accident in Past Three Years, n=5,560

B03a. When/how did they FIRST contact YOU/A MEMBER OF YOUR HOUSEHOLD?

	Medical provider	Lawyer	Auto repair shop	Other
At scene of accident	22%	6%	9%	13%
At hospital or medical office	37%	5%	2%	1%
Phone call	35%	54%	84%	80%
Mail	6%	31%	3%	2%
Email	0%	2%	1%	2%
Text	0%	1%	0%	0%
Online	0%	1%	0%	0%
Refused	0%	1%	0%	1%
Base	417	500	679	1,037

B03. Were you or any members of your household injured in the accident?

Yes 28%

No 72%

Refused..... 0%

Total..... 100%

Base: Respondent and/or Household Member in Auto Accident in Past Three Years, n=5,560

C01. Did you or a member of your household file an injury claim (whether paid or not) with any of the following?

Filed Injury Claim (NET) 76%

 Injury claim with our household's own auto insurance 19%

 Injury claim with another driver's auto insurance 37%

 Injury claims with both our own insurer and other insurer. 21%

Claim for property damage only..... 7%

No claims to auto insurer 8%

Don't know 9%

Refused..... 0%

Total mentions..... 100%

Base: Respondent and/or Household Member Was Injured in Auto Accident, n=1,415

C02. How long did it take to settle the injury claim with the insurer?

Ever settled (NET) 75%

 Less than 3 months 25%

 3 to 12 months 33%

 Over 12 months 19%

Still pending 26%

Refused..... 0%

Total mentions..... 100%

Base: Filed Injury Claim, n=1,078

C03. How satisfied were you or your household member with the following?

	Amount of payment from insurance company	Timeliness of payment from the insurance company	Communications with the insurance company
Very satisfied	25%	27%	30%
Fairly satisfied	34%	36%	34%
Somewhat dissatisfied	23%	21%	21%
Very dissatisfied	16%	15%	14%
Refused	1%	1%	0%
Total mentions	100%	100%	100%

Base: Claim Was Settled, n=769

C04. Did you or your household member talk to or hire a lawyer about this insurance claim for the injury?

No, had no contact with any lawyer about the accident 36%

Talked with a Lawyer (NET)..... 64%

Yes, talked with a lawyer but did not hire..... 16%

Yes, hired an lawyer in connection with the accident..... 48%

Refused..... 0%

Total mentions..... 100%

Base: Filed Injury Claim, n=1,078

C05. Why did you or your household member make the decision not to talk to a lawyer?

The claim wasn't that large	29%
I don't like lawsuits or lawyers.....	13%
Insurance company handled the claim promptly.....	45%
Insurance company was fair in the claim evaluation	30%
Other driver paid for the expenses	16%
Didn't want to pay lawyer fees.....	16%
Didn't think I would win a lawsuit.....	6%
Other	15%
Refused.....	0%

Base: Had No Contact with Any Lawyer about the Accident, n=422

C06. When did you or your household member first talk with a lawyer about the accident?

Up to one week (NET)	65%
Same day as accident.....	11%
Within a week of the accident.....	54%
More than a week but less than 6 months after the accident ..	29%
More than 6 months after the accident	5%
Refused.....	0%

Base: Talked To / Talked To and Hired Lawyer about the Accident, n=656

C07.	How did you or your household member hear of the attorney you talked to or hired?.....	
	Existing relationship.....	19%
	Recommendation from family or friends.....	37%
	Recommendation from medical provider.....	10%
	The lawyer contacted me	6%
	Advertisement (NET)	26%
	Saw a commercial on TV	18%
	Heard a commercial on the radio	6%
	Saw a sign on a billboard or other outdoor advertising	6%
	From social media.....	3%
	From an Internet search	11%
	Phone book.....	1%
	Local office.....	1%
	Through job/employer	1%
	From a mail ad	0%
	Other	3%
	Don't know	0%
	Refused.....	1%
	<i>Base: Talked To / Talked To and Hired Lawyer about the Accident,</i>	
	<i>n=656</i>	

C08. Why did you or your household member decide to talk to an attorney about your auto injury claim?

Was dissatisfied with the amount offered	10%
Was dissatisfied with delays in getting the claim settled.....	15%
Other party was uninsured	9%
After seeing or hearing attorney advertising, decided it would be a good idea	13%
My insurer said claim wasn't covered.....	8%
A lawyer contacted me and offered to represent me	7%
Someone I know suggested I talk to an attorney	33%
My doctor suggested I talk to an attorney	16%
Wanted to get the highest settlement possible	22%
Problem with my collision/rental coverage	5%
For assistance with claims processing/paperwork/litigation	2%
Injuries sustained in accident	1%
Fatal accident/driver/passenger died as a result	0%
Family member is a lawyer/works for attorney	0%
Other driver at fault	1%
To ensure compensation/medical bill coverage	1%
Lack of cooperation/refusal to pay from other driver/their insurance company	1%
Insurance company recommended contacting attorney.....	0%
Personal decision/peace of mind	1%
Drunk driver	0%
Medical treatment denied	0%
Other	4%
Don't know	0%
Refused	1%

Base: Talked To / Talked To and Hired Lawyer about the Accident,
n=656

C09.	Why did you or your household member make the decision not to hire the attorney you talked with?	
	The attorney declined to take the case	18%
	My claim wasn't that large	21%
	I didn't like the attorney.....	3%
	Insurance company handled the claim promptly.....	20%
	Insurance company was fair in the claim evaluation	24%
	Other driver paid for the expenses	15%
	I didn't want to pay attorney fees.....	11%
	I didn't think I would win a lawsuit	7%
	Other	18%
	Refused.....	0%
	<i>Base: Talked To but did not Hire Lawyer about the Accident, n=151</i>	
D01.	What services did the lawyer perform for you or your household member?	
	Filed a claim	54%
	Negotiated settlement with other driver and or insurer	42%
	Negotiated settlement with your insurer	30%
	Advised which doctors to use	28%
	Helped arrange payment of medical bills while claim was pending	35%
	Answered questions but did not represent you	1%
	Tried to get settlement but unsuccessful	4%
	Advised you about when to return to work	6%
	Defended family against claim by someone else	4%
	Assisted with financial planning and or investment of funds received for your injuries	3%
	Helped arrange financial advance on expected settlement amount	7%
	Filed lawsuit and handled trial litigation	28%

Still pending/in progress	3%
Attorney was unhelpful/did nothing	0%
Other	1%
Refused	0%
<i>Base: Talked To and Hired Lawyer about the Accident, n=505</i>	

D02.	Would you or your household member hire a lawyer to help you settle a similar claim in the future?
Yes	93%
No	6%
Refused.....	0%
Total mentions.....	100%
<i>Base: Talked To and Hired Lawyer about the Accident, n=505</i>	

D03.	What payment arrangements did you or your household member make with your lawyer?
Percentage of settlement amount (contingency fee)	73%
Fixed fee	9%
Case pending/still in process	1%
Was free	0%
Other	1%
I can't remember	14%
Nothing	1%
Refused	1%
<i>Base: Talked To and Hired Lawyer about the Accident, n=505</i>	

D03a. What was the percentage of settlement, or the contingency fee that you or your household member paid to the lawyer?

Zero	5%
1–29%	26%
30–33%	51%
34% or more	11%
Refused.....	7%

Base: Payment Arrangement via Contingency Fee, n=392

Recent Publications

Please visit the IRC's website at www.insurance-research.org for more information on the recent research listed below or any existing IRC research.

Auto Injury Claims & Trends

Motivation for Attorney Involvement in Auto Injury Claims, November 2016, 41 pages.

This study examines the role of attorneys in the process of settling of auto injury claims. In an on-line survey, respondents who were injured in auto accidents were asked about their experience, including satisfaction with the claim process, their decision whether to talk to or hire an attorney, and the services provided by attorneys.

Affordability in Auto Injury Insurance: Cost Drivers in Twelve Jurisdictions, June 2016, 132 pages.

This study identifies and documents the common and unique factors and conditions underlying rising auto injury insurance claim costs in 12 jurisdictions (Delaware, District of Columbia, Florida, Kentucky, Louisiana, Michigan, Mississippi, Nevada, New Jersey, New York, Rhode Island, and West Virginia).

Trends in Auto Injury Insurance Claims, 2015 Edition, September 2015, 69 pages.

This report examines the frequency, severity and loss costs associated with auto injury insurance claims under the property damage and bodily injury liability and personal injury protection coverages from 1990 to 2013. Countrywide and individual state outcomes and trends are analyzed.

Trends in Auto Insurance Affordability, August 2015, 48 pages.

This report monitors trends in auto insurance affordability across states and over time using the IRC's auto insurance expenditure-to-income ratio. Using data from the BLS's Consumer Expenditure Survey, the report also analyzes auto insurance affordability trends for low-to-moderate income consumers and inspects differences in affordability trends across various goods and services considered necessities.

Fraud and Buildup and Auto Injury Claims, January 2015, 48 pages.

This report provides a unique perspective on claim abuse among auto injury claims closed with payment. Using data from the 2012 closed claim data collection, it describes the prevalence of fraud and buildup among the five main private passenger coverages and includes analysis of different types of abuse, estimates of the excess payments attributable to fraud and buildup, and variations by state. It also examines the differences in claiming behavior between claims with the appearance of abuse and other claims and provides information about some of the fraud-fighting tools used by insurers.

Third-Party Bad Faith in Florida's Automobile Insurance System, August 2014, 12 pages.

Bad-faith lawsuits targeting automobile insurers in Florida impose a heavy burden on the state's auto insurance system and auto insurance consumers. This report examines the effect that potential bad-faith settlements have on underlying claiming behavior in Florida. Estimates of additional claim costs attributable to the bad-faith legal environment are included.

Attorney Involvement in Auto Injury Claims, July 2014, 50 pages.

This report uses data from the 2012 closed claim study to examine trends in the rate of attorney involvement in auto injury claims over time and across states. It also provides details on the interaction between the presence of attorneys and cost drivers such as medical treatment and claim abuse and looks at how represented claimants fare compared to claimants without attorneys with respect to claim payment and time to settlement.

Auto Injury Insurance Claims: Countrywide Patterns in Treatment, Cost, and Compensation, 2014 Edition,

March 2014, 65 pages.

This closed claim study is based on a sample of more than 35,000 auto injury claims paid in 2012. The report compares 2012 data to results from similar studies conducted in 2007 and earlier. The study examines trends in claim patterns, including characteristics of the accidents and those injured, medical treatment, losses and payments, the claim settlement process, attorney involvement, and fraud.

Automobile Insurance Affordability, November 2013, 30 pages.

This report seeks to establish a conceptually logical definition of automobile insurance affordability and examine changes and differences in automobile insurance affordability over time and across states. It also analyzes variables (including competition, regulation, residual market size, richness of the system, uninsured motorists, and the unemployment rate) that may influence the variance in automobile insurance affordability across states and over time. Using these variables, a multivariate model is estimated to determine each factor's impact and significance on affordability.

Interstate Differences in Medical Utilization in Auto Injury Claims, July 2013, 48 pages.

This report documents significant differences across states in the use of selected diagnostic and treatment services in auto injury insurance claims. The report also illustrates the potential savings available by bringing utilization rates in high-use states down to median state levels.

Insurance Fraud: A Public View, 2012 Edition, December 2012, 44 pages.

This report updates previous IRC studies surveying the public about the acceptability and perceived frequency of various types of insurance fraud, with special emphasis on auto insurance fraud. It also examines attitudes toward a variety of tools that insurers and law enforcement use to fight against insurance fraud, including claim handling techniques and consequences for fraudulent behavior, and the public's willingness to perform fraud-fighting efforts.

Uninsured Motorists

Uninsured Motorists, 2014 Edition, August 2014, 83 pages.

This study examines trends in the percentage of uninsured motorists in each state based on uninsured motorists and bodily injury claim frequencies from 2010, 2011 and 2012. Estimates for the number of uninsured motorists and the total amount of paid for uninsured motorists' claims are also included.

The Potential Effects of No Pay, No Play Laws, November 2012, 31 pages.

This study seeks to measure the impact of no pay, no play laws on the percentage of uninsured motorists. It also estimates the costs of noneconomic damages awarded to uninsured motorists in states that have yet to enact such laws. The findings suggest that not only would a properly enforced no pay, no play law result in a moderate decrease in uninsured motorists, it may also reduce auto insurance costs.

Other Issues

The Sharing Economy: Public Participation and Views, August 2016, 58 pages.

This study examines public familiarity with and participation in the sharing economy. Also explored in the report are various insurance-related aspects of the sharing economy. The study is based on the responses of 1,105 participants in a survey fielded by GfK Public Affairs & Corporate Communications.

Auto Insurance Telematics: Consumer Attitudes and Opinions, November 2015, 25 pages.

This report explores consumer attitudes and opinions with respect to auto insurance telematics and usage-based insurance (UBI). The report finds that many drivers participating in the programs change their driving behavior in response to information provided by their insurance companies about their driving gathered with a telematics device. The report also confirms that many drivers are concerned about the privacy of their personal driving information.

Shopping for Auto Insurance and the Use of Internet-Based Technology, June 2015, 39 pages.

This report examines how often consumers shop for auto insurance, how they go about shopping, the choices made after shopping, satisfaction with the shopping experience, and the use of Internet-based personal technology when shopping for insurance. The report also looks at differences in shopping behavior and technology use across demographic groups.

The Affordable Care Act and Property-Casualty Insurance, February 2014.

The Affordable Care Act (ACA) dramatically alters healthcare markets and health insurance systems in the United States. Although the property-casualty insurance industry is not directly included or targeted by the act, it is not immune to its effects. This white paper identifies the ways in which the ACA may affect the property-casualty insurance industry.

Expert Views of Auto Insurance Rate Regulation, August 2013, 40 pages.

This report surveys academic experts in risk and insurance on the effectiveness of prior approval and market-oriented rate regulatory policies in automobile insurance. The results show that a vast majority believe the prior-approval regulation of auto insurance rates is unnecessary and does not benefit consumers.

Insurance Research Council

The Insurance Research Council is a division of The American Institute for Chartered Property and Casualty Underwriters (The Institutes), a not-for-profit organization dedicated to providing educational programs, professional certification, and research for the property-casualty insurance business. The Council's purpose is to provide timely and reliable research to all parties involved in the public policy issues affecting risk and insurance, but the Council does not lobby or take legislative positions. The Council is supported by leading property-casualty insurance organizations.

2016 Members

Allstate Insurance Company
American Family Insurance
Amica Mutual Insurance Company
Farmers Insurance Group
The Hanover Insurance Group
Liberty Mutual Group
National Association of Mutual Insurance Companies
Property Casualty Insurers Association of America
Sentry Insurance
State Farm Insurance Companies
United Services Automobile Association

2016 Advisory Board

Wayne Dean, State Farm Insurance Companies, Chairman
Kimberly Anderson, Liberty Mutual Group
Gavin Blair, The Hanover Insurance Group
Ed Collins, Allstate Insurance Company
Robert Detlefsen, National Association of Mutual Insurance Companies
David Kodama, Property Casualty Insurers Association of America
Victoria McCarthy, Farmers Insurance Group
George Naftzinger, Allstate Insurance Company
Hiep Ngyuen, United Services Automobile Association
Shannon O'Brien, Amica Mutual Insurance Company
Elizabeth A. Sprinkel, The Institutes
Phil Thompson, American Family Insurance
Ethan Vaade, Sentry Insurance

David Corum, The Institutes

