The Civil Justice Environment for Motor Vehicle Litigation in Texas

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April 22, 2026

Introduction

Automobile insurance in Texas costs more today than it did in previous years. According to the Texas Department of Insurance (TDI), average auto insurance rates have increased 66% since 2019.[1] Although several factors contribute to the price increase, including inflation, the change in driving patterns during Covid-19, and increasing costs of repairing newer vehicles, data also demonstrate that automobile litigation behavior has played a substantial role.

The litigation behavior referenced here includes both a larger proportion of crashes generating bodily injury claims and higher damages awarded per claim.

Figure 1 shows the ratio of bodily injury insurance claims to property damage insurance claims for private passenger auto insurance in Texas. Property damage claims represent the universe of potential bodily injury claims, because it is quite rare for a person to be injured in a crash that does not damage a vehicle.

The BI-to-PD ratio has been used as a measure of claiming behavior for decades (Hoyt et al., 2006). The logic behind this measure is that absent a fundamental change in the frequency and severity of crashes, only a change in the litigation environment can lead to a change in the ratio.

The BI/PD ratio follows an upward trend from 2016 to 2025. In 2016, 37% of property damage claims involved a bodily injury claim. In 2025, 50% of property damage claims include a bodily injury claim. This represents a 33% increase over ten years. During the same period, the United States average BI/PD ratio increased by only 12% (from 0.37 to

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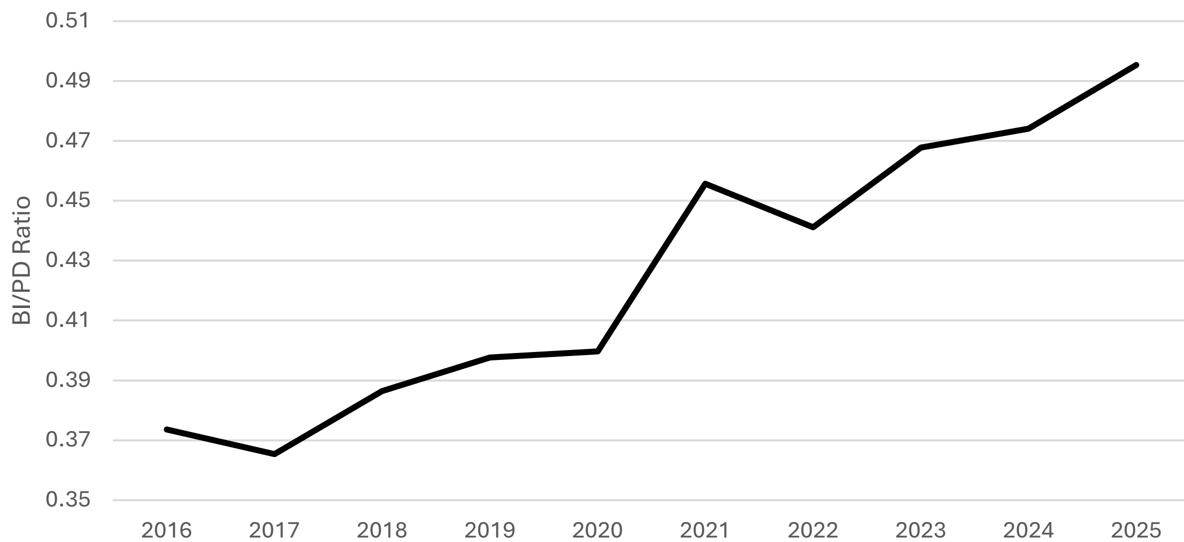
[1] Data are from https://www.tdi.texas.gov/blog/auto-and-home-insurance-rate-changes.html. 66% is the product of 1 plus the rate change in each year. The calculation is 0.981x1.029x1.238x1.255x1.048x1.009=1.658

0.43). This indicates that litigation concerns in Texas are more acute than in the rest of the country.

Figure 1: Bodily Injury to Property Damage Claims Ratio 2016-2025

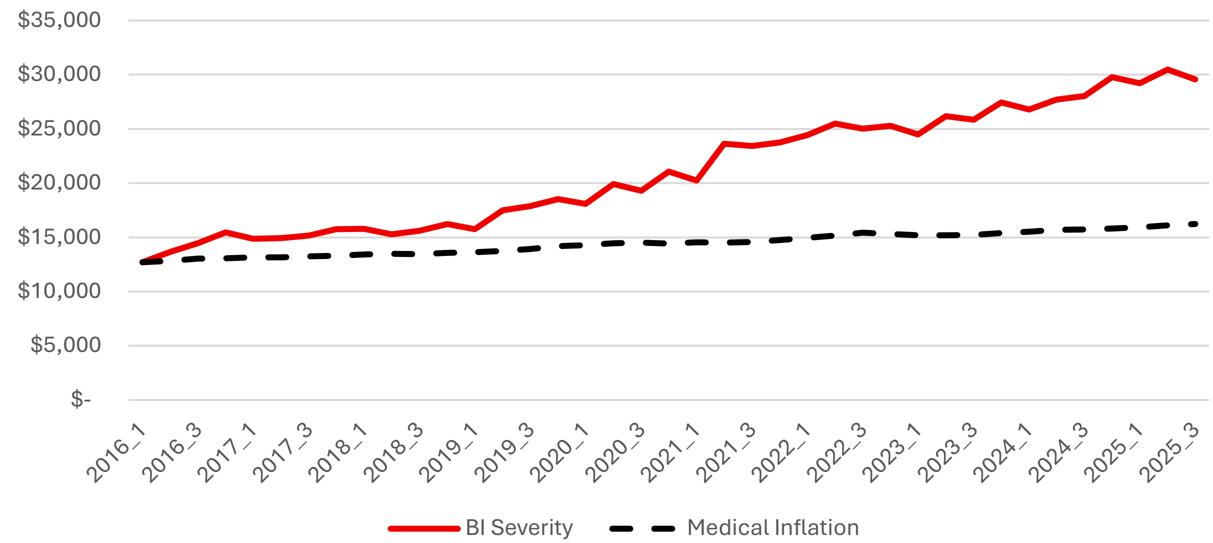


Note: Data represent private passenger auto insurance claims in Texas. The BI/PD ratio is the bodily injury claims filed divided by property damage claims paid.
Source: Quarterly data from ISS FastTrack https://www.statreporting.com/

While the relative frequency of bodily injury claims is increasing, we also see a large increase in the average severity of bodily injury claims. Figure 2 shows that the average severity of bodily injury claims (total amount paid divided by the number of claims) increased from $12,707 to $29,584. This 133% increase is nearly five times larger than the 28% increase in medical inflation that occurred during the same period.

The available data do not allow a causal analysis of the reasons why bodily injury frequency has increased; however, it is possible that the increase in claim severity incentivized plaintiffs and their lawyers to file more lawsuits. The compensation provided to plaintiffs and their lawyers is a factor of severity. Because plaintiffs' attorneys typically receive contingency fees based on settlement or verdict amounts, increases in claim severity may create stronger incentives to pursue litigation.

Figure 2: Bodily Injury Claim Severity and Medical Inflation 2016-2025

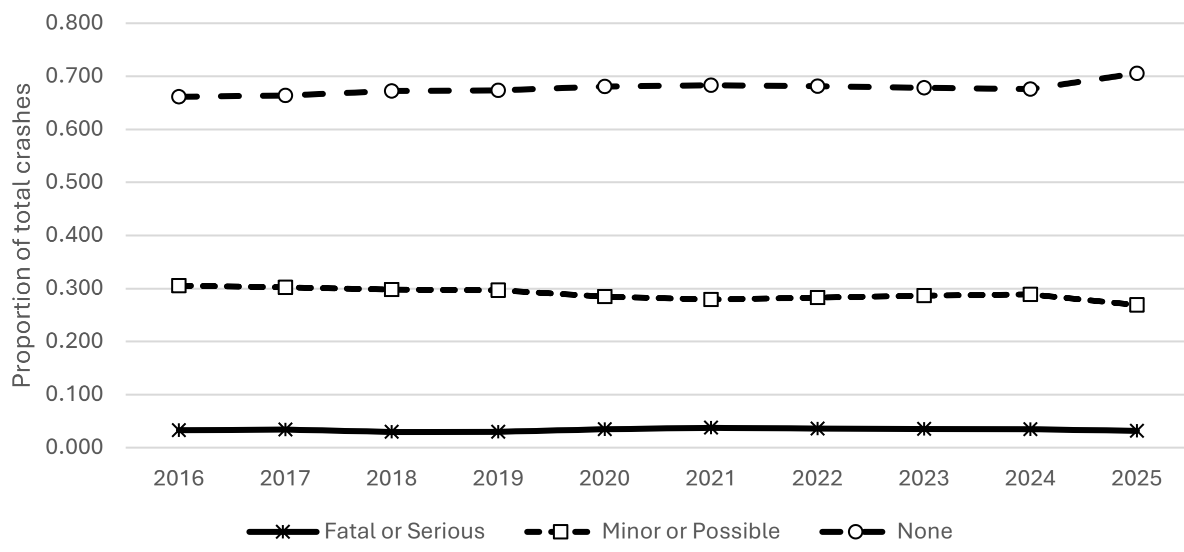


Sources: ISS FastTrack data (https://www.statreporting.com/) and U.S. Bureau of Labor Statistics.
Note: Data represent private passenger auto insurance claims in Texas. Medical inflation is the Q1 2016 BI Severity amount, multiplied by an index of the average medical consumer price index.

Another possible explanation of the increasing bodily injury claim severity is that crashes are systematically more severe, i.e. they occur at faster speeds or more dangerous angles. These factors are recorded by law enforcement in Texas for every crash. Figure 3 displays the annual distribution of crash severity in Texas from 2016 through 2025.

Each of the categories is rather stable, with standard deviations less than 7% of the average; however, during the period when claim severity shows a sharp increase (2022-2025), the percentage of injury crashes in both categories decreases, and the percentage of crashes without injuries increases. This is not consistent with increasing crash severity, leaving litigation behavior as a more likely explanation of bodily injury claim severity.

Figure 3: Severity of Crashes in Texas, 2016-2025



Source: Texas Department of Transportation https://www.txdot.gov/data-maps/crash-reports-records/motor-vehicle-crash-statistics.html

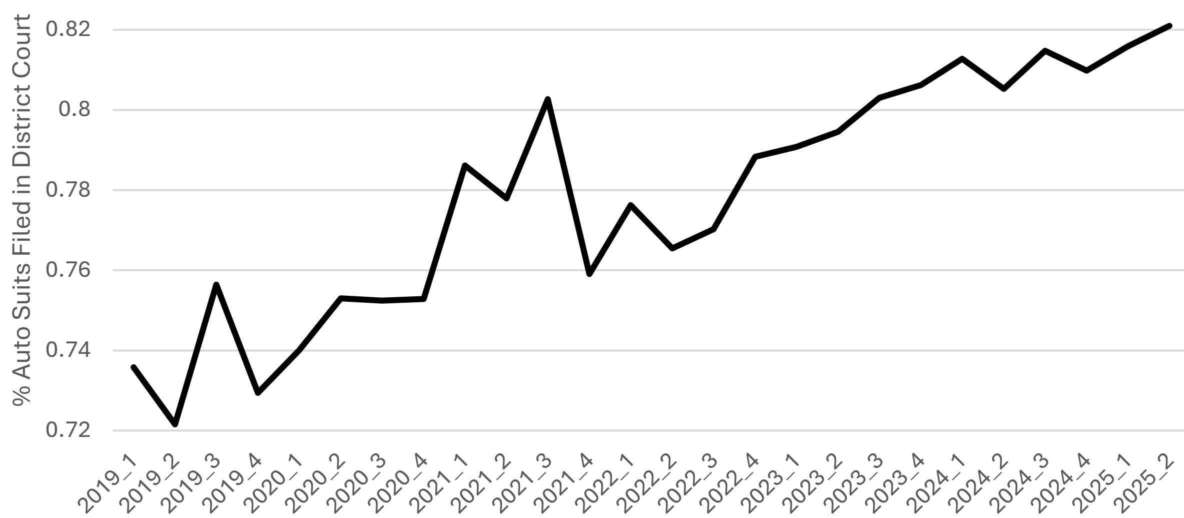
Note: Fatal or Serious combines categories of Fatal Crash and Suspected Serious Injury. Minor or Possible combines the categories of Suspected Minor Injury and Possible Injury, None includes crashes with no injuries. Crashes with unknown injury severity are excluded from the sample.

The final litigation behavior that we can observe is the choice of court. In Texas, plaintiffs can choose between filings lawsuits for automobile crash injuries in district courts, or in county courts. The limiting factor is the amount of damages claimed by the plaintiff. Texas Gov't Code § 25.0003(c)(1) grants statutory county courts concurrent jurisdiction with district courts in civil cases where the matter in controversy exceeds $500 but does not exceed $250,000, excluding interest, statutory or punitive damages, penalties, attorney's fees, and costs.[2] Suits filed in county courts generally cost less and move faster than those filed in district court.

Figure 4 shows the percentage of total automobile injury lawsuits filed in district court from 2019 through 2025. The percentage filed in district court has increased from 74% in 2019 to 82% in 2025, a 12% increase over six years. This demonstrates that plaintiffs are seeking greater damages over time, without coinciding proof that injury severity is increasing.

[2] TX SB16 took effect in December 2025 increasing the limit from $250,000 to $325,000. These data precede the effective date.

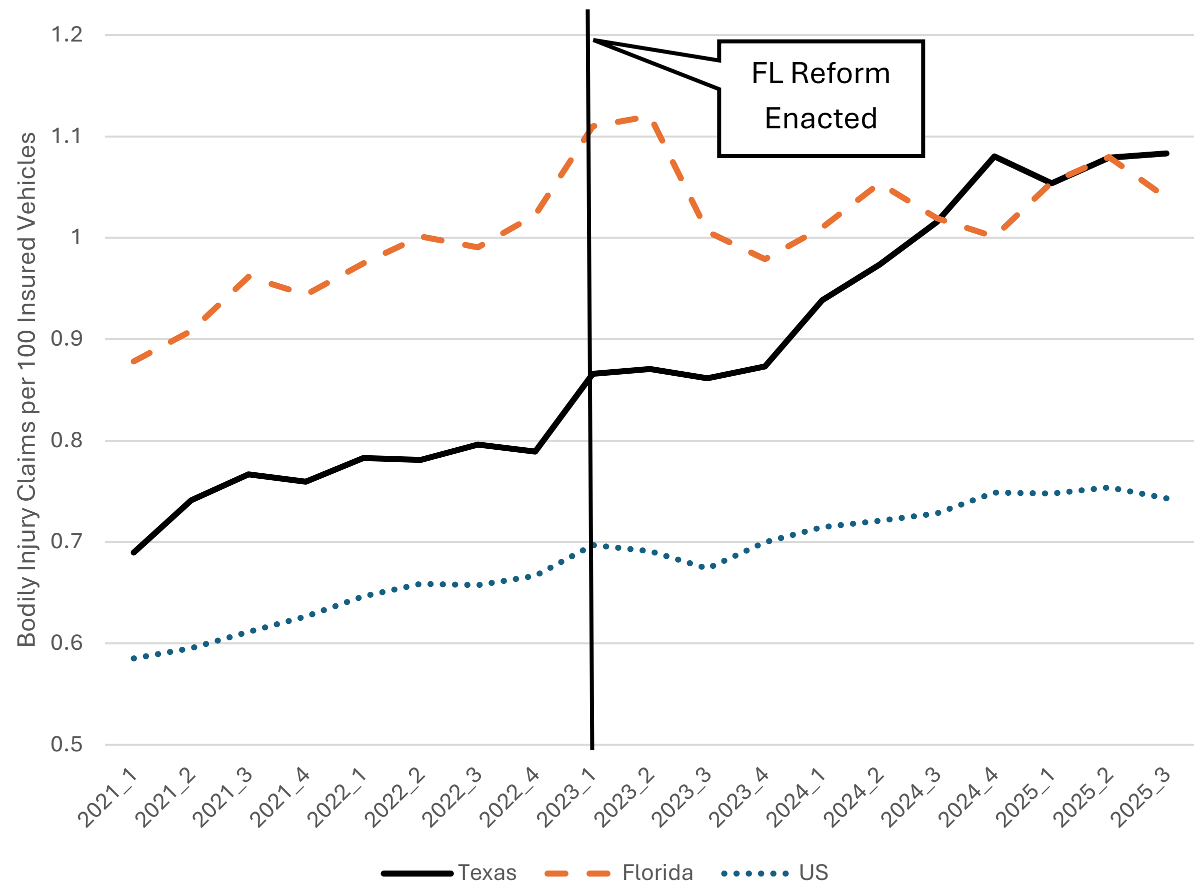
Figure 4: Texas Auto Litigation Filed by Court, 2019 – 2025



Note: These data represent private passenger and commercial automobile liability litigation.
Source: Texas Judicial Branch, The Texas Office of Court Administration, Court Activity Reporting and Directory System. https://www.txcourts.gov/statistics/court-activity-database/

Florida and Texas share a history of frequent and severe litigation. However, in 2023 Florida passed meaningful tort reform aimed at decreasing liability costs. Texas did not. Figure 5 compares the frequency of bodily injury claims across Florida and Texas. It also shows the United States average for reference. Florida and Texas both exceed the US average consistently. However, following the reforms in Florida, we see a sharp decrease in the frequency of bodily injury claims in Florida, while claim frequency in Texas continues to rise.

Figure 5: Bodily Injury Claim Frequency in Florida and Texas, 2021 – 2025



Note: Data represent private passenger auto insurance claims in Florida, Texas, and the United States average.
Source: ISS FastTrack data (https://www.statreporting.com/)

Summary and Conclusions

Automobile insurance costs in Texas have increased substantially in recent years. Although inflation and rising vehicle repair costs have contributed to this increase, the available evidence suggests that changes in automobile litigation behavior are also an important factor.

Four empirical patterns emerge from the data. First, the frequency of bodily injury claims relative to property damage claims has increased sharply. The bodily injury-to-property damage (BI/PD) ratio rose from approximately 37% in 2016 to 50% in 2025, representing a 33% increase in the share of crashes involving bodily injury claims. Because property damage claims represent the universe of potential bodily injury claims, this measure suggests a significant increase in claiming and litigation behavior.

Second, the severity of bodily injury claims (the amount paid to claimants) has increased much faster than underlying medical costs. Average bodily injury claim severity increased from approximately $12,700 in 2016 to nearly $29,600 in 2025, a 133% increase. Over the same period, medical inflation increased by only about 28%. This divergence suggests that factors beyond medical cost growth are influencing the value of bodily injury claims.

Third, objective measures of crash severity do not show an increase that would explain the rise in claim severity. Texas crash statistics indicate that the distribution of crash severity categories has remained relatively stable since 2016. In fact, the proportion of crashes involving no injuries has increased slightly in recent years, while the share of crashes involving serious injuries has declined. These patterns are inconsistent with the hypothesis that crashes themselves have become systematically more severe.

Fourth, plaintiffs increasingly file automobile injury lawsuits in district courts rather than county courts. Because county courts in our sample have jurisdiction over cases involving damages up to $250,000, the growing share of cases filed in district courts suggests that plaintiffs are alleging larger damages over time. The percentage of automobile injury lawsuits filed in district court increased from 74% in 2019 to approximately 82% in 2025.

Taken together, these patterns are consistent with a civil litigation environment in which a larger share of crashes generate bodily injury claims, the average damages paid per claim have increased substantially, and plaintiffs are increasingly seeking damages that exceed the jurisdictional limits of county courts.

Comparing bodily injury crash frequency data between Florida and Texas suggests that the civil justice reform legislation enacted by Florida in 2023 decreased the frequency of bodily injury claims.

While the available data do not allow a causal determination of the underlying drivers of these changes, the evidence suggests that changes in litigation behavior are an important contributor to rising automobile insurance costs in Texas.

Understanding these dynamics is important for policymakers evaluating trends in automobile insurance premiums and the functioning of the civil justice system.

References

Hoyt, Robert E., David B. Mustard, and Lawrence S. Powell, 2006. “The Effectiveness of State Legislation in Mitigating Moral Hazard: Evidence from Automobile Insurance,” *Journal of Law and Economics,* v49 (October 2006): 427-450.