

Why are auto insurance rates on the rise?



Recently you may have noticed a significant increase in your insurance premiums. There are several factors contributing to these increases, including:



Accident Severity

Collision severity has increased by roughly 40% since 2019.¹



Medical Costs

Bodily Injury severity has increased by roughly 35% since 2019.¹



Inflation & Technology

A major factor in the rising severity is the cost and availability of vehicle parts and tech components.



Reinsurance Rates

Reinsurance rates have increased 30-80% due to loss experience over the past decade.²

A majority of the insurance industry has been impacted by these challenges, resulting in what is referred to as a “hard” insurance market.

What is a ‘hard’ insurance market?

A “hard market” in the property and casualty insurance industry refers to a market condition where insurance premiums rise, coverage becomes more restrictive, and insurance companies adopt a more cautious and selective approach when underwriting insurance policies.

Hard markets are cyclical, and are often followed by a period where premiums stabilize, coverage becomes more widely available, and insurers compete more aggressively for customers. Policyholders should keep in mind that while hard markets can result in higher premiums and reduced options, insurance is a critical tool for managing risk and protecting assets, and it’s essential to maintain adequate coverage even during challenging market conditions.

What else should you be aware of in a ‘hard’ market?

- Your policy could be more at risk of cancellation if high-risk behavior or poor vehicle condition is apparent. Do your part to be a responsible driver and implement loss control measures where possible.
- If your policy is cancelled due to non-payment of premium or otherwise, it may be more difficult to find replacement coverage. Consider your alternatives before you allow your coverage to lapse.

What are my options to offset these costs?

- Check with your independent insurance agent! Make sure you are getting all the discounts you qualify for.
- Consider higher deductibles. If you can comfortably cover the higher out-of-pocket expense at claim time, it will result in an overall reduction of premium.
- Sign up for paperless billing through the Customer Portal. It will save you the expense of a billing fee.

¹ LexisNexis Risk Solutions, 2023 U.S. Auto Insurance Trends

² RPS, 2023 US Property Market Outlook, Jan. 2023

Have more questions?

Contact your local independent insurance agent! They are happy to assist you with questions and coverage advice.

