



Why Are Personal Auto Insurance Rates Increasing?

With very few exceptions, nearly every individual and family in the U.S. is facing higher-than-normal increases to their auto insurance premiums. According to [Bankrate](#), an independent publisher and comparison service, auto insurance in the U.S. costs an average of \$2,014 per year, an increase of 13.72% between 2022 and 2023.

While individual rates will vary based on each individual's circumstances and history, there are some general trends that are leading to these increases.

Increased Volume and Cost of Auto Claims

Your personal auto insurance is designed to pay for the costs that may be incurred due to an accident (property damage/repairs, medical costs). Therefore, if the costs associated with an accident increase, insurance premiums will follow suit. The following factors are leading to higher claims costs:

- An increase in the frequency and severity of car crashes
- Higher costs for auto parts due to inflation, supply chain issues and more technologically advanced auto systems
- Higher labor costs due to a lack of auto technicians
- Increased medical costs

Vehicle Values

As the values of vehicles increase, auto insurance rates are directly impacted. Simply put, if the cost to replace your vehicle is significantly higher than it was a few years ago, you will pay more for insurance. According to the Consumer Price Index, the cost of new vehicles increased 16% from 2021 to 2022. Additionally, following the low inventory of new vehicles over the last few years, used car prices increased even more dramatically (as much as 50% in 2020-2021, according to the Manheim Used Vehicle Index), but have stabilized.

What Can You Do to Impact Your Auto Insurance Premium?

While premium increases are happening across the board, there are things you can do to impact your insurance costs:

- Take advantage of discounted rates by utilizing the same insurance carrier for auto and home insurance
- Maintain a clean driving record
- Improve or maintain a good credit score
- Avoid a lapse in coverage

Other Considerations

You may need to increase your auto insurance coverage limits to adjust to the higher costs of claims to avoid being underinsured. At Scott, we always recommend coverage higher than state minimums; however, this is a good opportunity to review your coverage limits with your Scott Personal Insurance Account Manager.

Our entire [Personal Insurance team](#) is passionate about protecting your property and assets with the best-possible coverage backed by world-class service. We will ensure you have the right coverage to meet your needs, and we proudly partner with the world's leading insurance carriers.

