4 factors impacting car insurance rates right now.



Like many products and services these days, car insurance rates have also been on the rise. Wondering what's driving the rates and what you can do?

To help you understand the current landscape, we're breaking down four of the main factors affecting car insurance rates today. Read on to find out what they are.

Factor #1: Higher vehicle repair and replacement costs.

The price to repair new and used vehicles rose by 49.8% from November 2013 to November 2023, compared to the relative inflation rate increase of 31.7%, according to the U.S. Bureau of Labor Statistics. Because the cost of parts and labor have increased at a disproportionate rate, car insurance rates are also increasing for many.

Factor #2: Unsafe driving habits.

More people are driving distracted, driving under the influence, and driving over the speed limit. These unsafe habits are leading to higher car insurance rates. In 2022 alone, the National Highway Traffic and Safety Administration reported 3,308 deaths from distracted driving. From 2022 to 2023, major and minor speeding violations went up 10% and 16% respectively, according to the U.S. Auto Insurance Trends

Report published by LexisNexis.

Factor #3: Rise in claim severity and attorney-represented claims.

When drivers submit claims today, the damages are often more severe due to the unsafe habits mentioned above. LexisNexis reports, “More than a quarter of collision claims were deemed total losses in 2023.” On top of that, more claimants are seeking advice from attorneys for legal action when settling. That means bigger financial hits for insurance companies.

Factor #4: New insurance risks from electric vehicle sales.

Electric vehicles are rising in popularity, but they’re causing a turn in the insurance industry. They bring a change in driving behavior, with some driver-assist and braking features causing more collisions and claims. The quieter models can also mean more pedestrian and biker accidents, as it’s harder to hear a vehicle approaching. In addition, because electric vehicle systems are more complex, it means they are more expensive to repair.

Now that you know the reasons why car insurance rates are increasing, we invite you to talk to us about your auto policy and potential savings via discounts, pay frequency, and higher deductibles. Our local, independent agents are true partners and will walk you through the industry changes and any questions you have.

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