

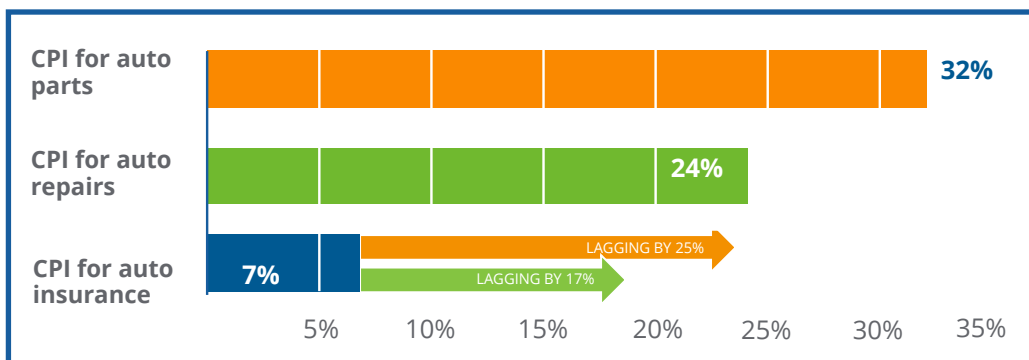
WHAT'S UP WITH AUTO RATES?

THE PRICES FOR SURE.

THE BIG PICTURE

Between January 2020 and January 2023, the consumer price index (CPI) for all things auto rose, and overall, personal auto insurance rates have lagged.* Current and future increases are intended to close that gap. The CPI measures price changes experienced by consumers for goods and services, and is main factor in figuring inflation rates.

CONSUMER PRICE INDEX JANUARY 2020–JANUARY 2023



Source: [St. Louis Fed](#)

*Percentages rounded to the nearest whole number

“ WE EXPECT RATES TO CONTINUE TO RISE IN 2023. FULL COVERAGE CAR INSURANCE PREMIUMS [RISE] DUE IN PART TO INFLATION, SUPPLY CHAIN DISRUPTIONS, AND LABOR SHORTAGES. THESE FACTORS ...INDIVIDUALLY INCREASE THE COST OF CLAIMS AND, WHEN COMBINED, [DRIVE] UP THE COST OF REPAIR OR REPLACE VEHICLES SIGNIFICANTLY, ”

— BANKRATE ANALYST CATE DEVENTER

INSURERS' RATES GO UP BECAUSE THEIR COSTS GO UP

Higher medical costs¹: From 2020 to 2022, medical care costs in the aftermath of an accident rose 12 percent.

More fatal accidents: The death toll rose 10.5 percent between 2020 and 2021, the highest increase in the National Highway Traffic Safety Administration (NHTSA) report's history.² The average cost of a fatal accident in 2020 was \$1.75 million, compared to an average cost of a disabling accident which was \$101,000.¹

Technology³: As cars get more technologically advanced, parts are more expensive to repair and replace. The average vehicle now has about 1,500 semiconductor chips; electric vehicles have nearly double that. The chips account for 45 percent of a vehicle's cost.

More volatile weather⁴ Between 1980 and 2022, there were 7.9 \$1 billion+ weather-related disasters each year. In just the three years of 2020, 2021, and 2022 there were an average of 20 billion-dollar weather-related events annually.

Sources: ¹National Safety Council; ²NHSTA; ³Claims Journal; ⁴NOAA

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