

Bankrate

National Average Cost for Car Insurance Skyrockets 26% From Last Year, Averaging \$2,543

Drivers in Detroit spend the largest share of income on auto insurance each year, while Seattle drivers spend the least

NEW YORK - February 5, 2024 - Despite a slowdown in inflation across various sectors, car insurance costs are skyrocketing in 2024, according to Bankrate's annual True Cost of Auto Insurance Report.

- The national average cost for full coverage car insurance is \$2,543 per year, which is 3.41% of the median household income. This surge is up from \$2,014 in 2023 and \$1,771 in 2022.
- The percentage of income spent on auto insurance varies among metro-statistical areas, with Detroit drivers facing an average annual expense of \$5,687 for full coverage car insurance (7.98% of their median household income), while Seattle drivers spend an average of \$1,759 per year on full coverage car insurance (1.65% of their median household income).
- The national average premium for drivers with poor credit scores is \$4,338 for full coverage insurance, which is about \$1,795 more than drivers with good credit with the same level of coverage.
- Adding a teen driver to a policy can be the most expensive life event for auto insurance consumers, costing drivers an average increase of \$2,878, a 21.03% increase from 2023. This brings the average auto insurance premium for these drivers to \$5,421, up 23.43% from 2023.
**Rates for adding a teen driver are based on a married couple with a 16-year-old driver on their full coverage policy.*

For the full report, click here:

<https://www.bankrate.com/insurance/car/the-true-cost-of-auto-insurance-in-2024/>

Bankrate analyzed the average total percentage of household income spent on car insurance to determine the true cost of car insurance for 26 metro-statistical areas (MSAs).

Most and Least Expensive Metros for Auto Insurance

	True Cost Rank*	Metro Statistical Area (MSA)	Average Premium	% of Household Income Spent on Car Insurance
Least Expensive Metros	1	Seattle	\$1,759	1.65%
	2	Boston	\$2,094	2.01%
	3	Washington D.C.	\$2,430	2.07%
	4	Portland	\$1,976	2.21%
	5	Minneapolis	\$2,044	2.24%
Most Expensive Metros	22	Las Vegas	\$3,626	5.12%
	23	Philadelphia	\$4,753	5.65%
	24	Tampa	\$4,078	5.89%
	25	Miami	\$4,213	5.95%
	26	Detroit	\$5,687	7.98%

**Bankrate utilized current data from Quadrant Information Services to understand the average cost of auto insurance for every U.S. state and metro statistical area. Each location was assigned a “True Cost Rank”—a score between one and 50 for states and one and 26 for most populous metro areas. The lower the ranking, the smaller percentage of total income drivers spend on car insurance premiums.*

“The rate of full coverage car insurance increased 26 percent from 2023, and while we hope to see rates stabilize soon, that likely won’t happen until at least 2025,” said Bankrate Analyst Shannon Martin. “While inflation is slowing down, insurance companies are reassessing their risk models to account for the post-pandemic rise in car crashes, the increase of claims from extreme weather and the sustained elevated cost of vehicle repairs. Remember that base rate increases can only be implemented at the renewal period, so some policyholders are still paying for the increase from 2023 and have yet to be hit with potentially higher 2024 rate renewals.”

Bankrate's True Cost of Auto Insurance Report outlines how everyday life events impact auto insurance premiums in all 50 states and the top 26 largest metro-statistical areas. While adding a teen driver to a policy is notably the most expensive life event for drivers (adding \$2,878 to the average annual premium), other life events such as being involved in a car accident, getting a speeding ticket and decreasing credit scores can add up quickly as well:

Most and Least Expensive Metros for "Life Event" Premium Changes:

Life Event	Added Average Cost in the U.S.	Added Cost to Premium in Most Expensive Metro	Added Cost to Premium in Least Expensive Metro
Credit score decreases from 'good' to 'poor'	\$1,795	New York - \$5,305	Seattle - \$306**
Receives a speeding ticket	\$523	Detroit - \$1,489	San Antonio - \$269
Involved in a car accident	\$1,034	Detroit - \$2,849	New York - \$494
Has a lapse in auto insurance coverage	\$276	Tampa - \$818	Charlotte - \$117**
Convicted of a DUI	\$2,247	Detroit - \$8,585	Washington, D.C. - \$1,171
Adds a teenage driver to policy	\$2,878	Detroit - \$8,366	Minneapolis - \$2,049

***These locations are part of states that prohibit or have prohibited auto insurance carriers from changing premiums in the past year due to these life events. Rates may be affected due to state laws changing.*

"We are seeing especially high rate increases when drivers engage in high-risk behavior like speeding or causing an accident," added Martin. "For example, drivers in Charlotte pay, on average, \$5,069 more per year for full coverage car insurance with a DUI on their record than drivers with a clean record. Asking about discounts and comparison shopping your policy may help you find a lower rate, but focusing on long-term financial impacts, such as improving your driving record and boosting your credit score (in most states), may also pay off down the line."

Methodology

Bankrate utilizes Quadrant Information Services to analyze 2024 rates for ZIP codes and carriers in all 50 states and Washington, D.C. Rates are weighted based on the population density in each geographic region. Quoted rates are based on a 40-year-old male and female driver with a clean driving record, good credit and the following full coverage limits:

- \$100,000 bodily injury liability per person
- \$300,000 bodily injury liability per accident
- \$50,000 property damage liability per accident
- \$100,000 uninsured motorist bodily injury per person
- \$300,000 uninsured motorist bodily injury per accident
- \$500 collision deductible
- \$500 comprehensive deductible

To determine minimum coverage limits, Bankrate used minimum coverage that meets each state's requirements. Our base profile drivers own a 2022 Toyota Camry, commute five days a week and drive 12,000 miles annually.

These are sample rates and should only be used for comparative purposes.

Credit-based insurance scores: Rates were calculated based on the following insurance credit tiers assigned to our drivers: "poor, average, good (base) and excellent." For 'credit score decreased,' rates were assessed when the drivers' score went from 'good' to 'poor.' Insurance credit tiers factor in your official credit scores but are not dependent on that variable alone. Four states prohibit or restrict the use of credit-based insurance scores as a rating factor in determining auto insurance rates: California, Hawaii, Massachusetts, and Michigan. In Michigan, insurers are allowed to use information that contributes to your credit score but not the score itself.

Incidents: Rates were calculated by evaluating our base profile with the following incidents applied: clean record (base), at-fault accident, single speeding ticket, single DUI conviction and lapse in coverage.

Model: To determine cost by vehicle type, we evaluated our base profile with the following vehicles applied: BMW 330i, Ford F-150, Honda Odyssey, Toyota Prius and Toyota Camry (base).

Teens: Rates were determined by adding a 16-year-old teen to a 40-year-old married couple's policy. Age is not a contributing rating factor in Hawaii and Massachusetts due

to state regulations, although Massachusetts allows insurers to use a driver's years of driving experience.

Income data: Median annual income data was calculated using 2022 data, the most recent available, provided by the U.S. Census Bureau. 2024 calculations for the percentage of income spent on auto insurance use the most recent median income data from the U.S. Census. All previous True Cost of Auto Insurance reports utilized average income data from the U.S. Census. Bankrate chose to switch to median income data in 2024 as a more representative statistic of what people earn in a given geographic area.

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