

Bankrate

The Average Cost of Auto Insurance in the U.S. is \$2,014 in 2023, Up 13.72% from Last Year

*Miami Drivers Spend the Largest Share of Income on Auto Insurance Each Year;
Boston Drivers Spend the Smallest Share of Their Income*

NEW YORK – February 6, 2023 – While inflation pressures are broadly falling, auto insurance costs are on the rise in 2023, according to Bankrate’s annual True Cost of Auto Insurance Report.

- Nationally, the cost of full coverage auto insurance is \$2,014/year, which is 2.93% of the average household income, and up 13.72% from \$1,771/year in 2022.
- The percentage of income spent on auto insurance varies greatly from one metro-statistical area to another, with Miami drivers spending 5.51% (\$3,447) of their income on auto insurance each year while Boston drivers spend just 1.32% (\$1,328) of their income on auto insurance.
- Adding a teen driver to a policy can be the most expensive life event for auto insurance consumers, costing drivers an increase of \$2,378, up 14.27% from 2022, to the average auto insurance premium (bringing the average national premium for these drivers up to \$4,392, up 14.02% from 2022). *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-2023/>

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	Boston	\$1,328	1.32%
	2	Seattle	\$1,361	1.41%
	3	Washington, D.C.	\$1,711	1.51%
	4	Portland	\$1,458	1.85%
	5	Charlotte	\$1,484	2.08%
Most Expensive Metros	21	Los Angeles	\$2,641	3.33%
	22	Orlando	\$3,078	4.55%
	23	Detroit	\$3,067	4.77%
	24	Tampa	\$3,302	5.25%
	25	Miami	\$3,447	5.51%

** 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 25 for most populous metro areas. The lower the ranking, the smaller percentage of total income drivers spend on car insurance premiums.*

“Although inflation has shown signs of slowing lately, we expect rates to continue to rise in 2023. Full coverage car insurance premiums rose an average of 13.72% between 2022 and 2023, due in part to inflation, supply chain disruptions and labor shortages,” said Bankrate.com analyst Cate Deventer. “These factors all individually increase the cost of claims, and when combined, drove up the cost to repair or replace vehicles significantly. In turn, this means that car insurance companies increased rates to help ensure they had enough money to pay these higher claims costs. However, because each geographic area has different risks and costs of living, the cost for car insurance varies across the nation.”

Moreover, some metros saw significant increases or decreases in the cost of auto insurance since last year:

Highest Increase in Rates since 2022		Largest Decrease in Rates since 2022	
Metro	YoY % Change; 2023 Premium	Metro	YoY % Change; 2023 Premium
Orlando	22.63%; \$3,078	Philadelphia	-21.84%; \$1,872
Phoenix	17.29%; \$2,164	New York	-14.05%; \$2,649
San Diego	15.35%; \$2,270	Atlanta	-5.23%; \$1,975
Chicago	14.00%; \$1,849	Baltimore	-4.80%; \$1,965
San Francisco	11.51%; \$2,442	Seattle	-4.56%; \$1,361

Bankrate’s True Cost of Auto Insurance Report outlines how everyday life events impact auto insurance premiums in all 50 states and the top 25 largest metro-statistical areas. While adding a teen driver to a policy is notably the most expensive life event for drivers (adding \$2,378 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’	\$1,465	Detroit: \$4,989	Seattle: \$37**
Receives a speeding ticket	\$413	Los Angeles: \$1,018	Houston: \$190
Involved in a car accident	\$840	Los Angeles: \$1,652	New York: \$461
Has a lapse in auto insurance coverage	\$199	Tampa: \$1,154	Los Angeles: \$1**

Convicted of a DUI	\$1,887	Detroit: \$4,035	San Antonio: \$829
Adds a teenage driver to policy	\$2,378	Miami: \$3,754	Portland: \$1,666

***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.*

“If you have been affected by a rate increase, you may want to consider shopping with other carriers, taking advantage of discounts and maintaining safe driving habits,” adds Deventer. “Remember that your insurance is designed to protect your finances, though, and that it plays an important role in your financial health. Most insurance professionals do not recommend cutting back on coverage as a cost-saving strategy.”

Methodology:

Bankrate utilizes Quadrant Information Services to analyze 2023 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

Our base profile drivers own a 2021 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).

Gender: The following states do not use gender as a determining factor in calculating premiums: California, Hawaii, Massachusetts, Michigan, North Carolina, Pennsylvania.

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: Average annual income data was calculated using 2021 data, the most recent available, provided by the U.S. Census Bureau.

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