

2024 Auto Insurance Market Outlook: At a Glance



The auto insurance market is expected to remain challenging in 2024 and perhaps beyond. Many car owners are searching for effective ways to reduce their insurance expenses without compromising the quality of their coverage. Part of being an informed insurance consumer, particularly in the face of rising rates, is understanding what's happening in the market and how it can affect you.

2023 by the Numbers

Factors Affecting the Industry

A variety of factors contributed to the auto insurance market's problems in 2023:

Some of the top challenges faced by the industry include:



Poor rate adequacy

This is the balance between insurance premiums taken in and the costs incurred from claims payouts. While charging more for coverage can help insurers cover costs, raising rates in step with market changes can be difficult or impossible with regulatory restrictions in some states and the competitive nature of the insurance market.



More car

insurance claims

According to a recent AM Best report, the average claim in the personal auto segment jumped to \$11,102 in 2022, up from \$9,542 the previous year, resulting in an 11% increase. The continued costs of defending these claims and managing the process have risen 29%.



Inflation

While inflation decreased from its 9% peak in 2022, expenses remained elevated for many goods and services. Consequently, the costs of new and used cars—along with health care expenses—went up, spurred further by continued supply chain disruptions and labor shortages.



Increased

reinsurance costs

Amid record-setting weather-related losses, some reinsurance carriers issued double-digit rate increases in 2023.

What to Expect in 2024

As we venture into 2024, the auto insurance market landscape is still grappling with factors from 2023 and earlier. This section discusses what auto insurance may look like for consumers in 2024. Understanding these influences is vital for consumers navigating the complexities of car insurance.

Key Factors to Watch in 2024

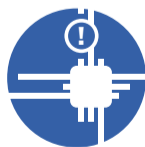
Ongoing rate increases in the auto insurance industry are predicted to be driven by the following:



Inflation
impacting costs



Rising medical
and repair costs



Complex repairs
and technology



Increased
litigation payouts



Higher rate of
uninsured drivers

Contact Us to Learn More

Navigating the complexities of the auto insurance market isn't something you need to do on your own; that's why we're here. Reach out to our agency today to learn more about the market's struggles, how it can affect your insurance, and cost mitigation strategies that may be right for you.