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Rising auto insurance premiums fuelling inflation – 15th April 2024

Level 4

Rising car insurance costs are adding to inflationary pressures. Costs are rising at their fastest ever rates. They are a huge 22.2 per cent higher than this time last year. No other category of spending has increased like car insurance. The average cost of car insurance in the US is over \$2,300 per year. Rising prices are affecting the lowest paid most. Insurance is a huge burden for people struggling to survive in the cost of living crisis.

An industry analyst said the biggest factor for costlier insurance was the number of new cars. He said: "If you [wreck] your car, the replacement cost is really high." He said technology in modern cars is expensive to repair and replace. A new battery in an electric car can cost up to \$20,000. Even a simple fender bender could damage sensors and cameras. One factor that is increasing labour costs is a shortage of car mechanics.

Level 5

Soaring car insurance premiums are fuelling inflationary pressures. Costs are rising at their fastest ever rates. Premiums jumped 2.6 per cent in March. Costs are a huge 22.2 per cent higher than this time last year. The increases added to inflation rising by 0.4 per cent last month. No other category of spending has soared like auto insurance. The average cost of car insurance in the US is over \$2,300 per year. This is about \$192 a month. The rising prices are affecting the lowest paid most. Insurance is a huge burden for those struggling to make ends meet in the cost of living crisis.

An automotive analyst explained what is behind the rising prices. He said the biggest factor was the number of expensive new cars. He said: "If you [wreck] your car, the replacement cost is really high, and a fender bender is very expensive." He said advanced technology and equipment in modern cars is very expensive to repair and replace. A new battery in an electric car can range from \$6,500 to \$20,000. Even a simple fender bender could damage costly sensors and cameras. One factor driving up labour costs is a shortage of car mechanics.

Level 6

Skyrocketing auto insurance premiums are fuelling inflationary pressures in the USA. Costs have been rising at their fastest ever rates. Premiums jumped 2.6 per cent in March alone, which means costs are a whopping 22.2 per cent higher than this time last year. The increases contributed to inflation rising by 0.4 per cent last month. No other category of spending has soared as much as auto insurance. Foxbusiness.com said the average cost of car insurance in the US has surpassed \$2,300 per year, which amounts to about \$192 a month. The rising prices are impacting the lowest paid most. Insurance is becoming more of a financial burden for those struggling to make ends meet in the cost of living crisis.

Automotive analyst Sean Tucker tried to explain what is behind the rising prices. He said: "I think the biggest factor is a combination of new cars and [them being] more expensive, so if you [wreck] your car, the replacement cost is really high, and a fender bender is very expensive right now." He attributed the sophistication of technology, gadgetry and safety equipment in modern cars to more expensive repair and replacement costs. The cost of replacing the battery in an electric car can range from \$6,500 to well over \$20,000. A simple fender bender is likely to damage costly embedded sensors, cameras and sonar. One factor driving up labour costs is a shortage of car mechanics.