



Why Auto Insurance Rates Are On The Rise

1. Frequency of auto claims are on the rise. More cars are on the road and more miles are being driven every day due to higher employment rates and ride-hailing services.

- The national unemployment rate dropped to 3.7% in November 2018, the lowest it has been [since 1969](#).
- Of all the modes of transportation used for commuting to and from work, [85%](#) of commuters drive to their jobs each day. That means Americans are sharing the road with at least 115 million cars and trucks during peak commuting hours.
- The [New York Times](#) reported that more people are using more of their vacation time from work each year – and spending it on the road. In 2016, 39% of vacations were road trips, up from 22% the previous year.
- There are now 1.3 registered vehicles per licensed driver in the U.S., an average number we haven't seen since before the recession, according to the [Certified Collateral Corporation](#).
- A [study](#) conducted by the University of Southern California – Annenberg found that larger cities are seeing a decrease in use of public transportation due to the ease of ride-hailing services.

2. Crowded roads mixed with greater distractions are driving up the frequency of car accidents.

- Every day – during daylight hours – an estimated [481,000 drivers](#) are using handheld cell phones, according to the National Highway Traffic Safety Administration. It's no wonder [27% of car accidents](#) are caused by texting and driving.
- Distracted driving has been called an American [epidemic](#). Nine people are killed [each day](#) in the U.S. as a result of crashes involving a distracted driver.

3. More claims are occurring and the severity of each claim is rising. We're not only seeing more accidents (frequency), we're also seeing worse accidents (severity) with a greater number of fatalities and higher repair costs.

- Prices for motor vehicle repairs were [61%](#) higher in 2017 than they were in 2000, according to the U.S. Bureau of Labor Statistics. In addition to more sophisticated cars and car parts, the cost of repairs and replacements are driven up by:
 - Higher average number of parts replaced per claim.
 - Higher average number of labor hours per claim.
 - Higher average hourly labor rate.
- The cost of glass alone will continue to rise into 2019 – higher glass prices mean more expensive repairs.
 - A 10% tariff on all glass products imported from China was implemented September 2018.
 - According to Safelite, 65% of vehicle glass replacements in the U.S. come from China.
 - Encompass windshield-replacement claims account for nearly 71% of all glass claims and carry a severity level nearly 5 times that of a repairable windshield.
- More and more vehicles have advanced driver-assistance systems (ADAS), and most brands require a safety system [recalibration](#) after a windshield replacement. This means the cost and number of windshield replacements will continue to rise.
- Increased repair costs are also tied to other ADAS technology enhancements and innovations such as forward-looking radars, side-impact warning systems, automated parallel-park features and backup cameras – in fact, all automobiles sold in the U.S. that are built May 2018 or later are now [required to include backup cameras](#).