



# PROTECTING YOUR *American dream*

## AUTO INSURANCE AND INFLATION

Auto ownership gives you the freedom to go where you want, when you want. Obstacles like higher repair costs and supply chain issues, coupled with significant increases in both new and used vehicle prices, have led to historic inflation rates. This inflation has had a massive impact on the value of your car and therefore, insurance premiums are impacted, too. **We know seeing higher rates without an explanation can be frustrating, so let us explain...**

## WHY AUTO INSURANCE PREMIUMS ARE INCREASING

Your auto insurance premium is determined by many different factors that are currently being influenced by inflation. The most common ones are:

- **REPAIR COSTS:** Prices for auto repair and maintenance rose 15% in 2023 and prices for replacement parts are up 23.3% since 2019.
- **SUPPLY CHAIN ISSUES:** Computer chip and labor shortages mean car repairs are taking more time and car owners need rental vehicles longer, which increases the cost of claims.
- **DRIVING HABITS:** Studies show that driving habits have returned to pre-pandemic levels. According to the NHTSA people on average are driving more, driving faster resulting in more severe accidents, all of which contribute to higher claim costs.

## HERE'S WHERE INFLATION COMES IN

We are seeing historic inflation rates across the board. Cars and car parts are more expensive due to supply chain issues, labor is more expensive due to shortages, and your car and the cost to repair it are more expensive, too.



The cost of car parts is up **23.2%** since 2019

*According to the U.S. Bureau of Labor Statistics*

Repair costs are up **15%** in 2023

*According to the U.S. Bureau of Labor Statistics*

 New car prices are up **28%** and used car prices are up **40%** since 2019

*According to KBB, Edmunds*

Supply chain issues **increase the cost of parts and services** 

## WHAT CAN YOU DO ABOUT IT?

### TALK TO YOUR PEKIN INSURANCE AGENT!

Your Pekin Insurance Agent is not just there to sell you a policy. They are your resource during times like this.

**Here are a couple of questions you can ask:**

- Are there additional discounts available to me?
- How can I lower my premium?