

We often receive the question - If my car depreciates over time, why don't my auto rates go down?

There are several reasons why your rates may not decrease as your car depreciates. Your car insurance policy is made up of a variety of coverages. The most common are:

- **Collision** (damage to a vehicle): Most **collision** claims don't result in a total loss. Instead, claims often simply involve repairing a vehicle to its pre-accident state. The cost to repair a damaged vehicle does not typically correlate with the age of the car. Vehicle repair costs are up more than 30% since 2020. More advanced cars mean more expensive car repairs. Higher costs of replacement parts for technically complex cars and trucks continue to drive up claim costs for insurance carriers. Additionally, labor and parts shortages have driven up costs for those as well.
- **Medical Benefits to Others** (pays for things like medical and rehabilitation treatments,) &
- **Liability** (covers you if you are held legally liable when your vehicle injures someone or damages their property). While having nothing to do with the value of your car, these two usually make up most of your premium dollar. Factors ranging from the rise in attorney representation in bodily injury claims, higher damages awards, and the rising costs of health care cause these potential expenses to keep increasing.
- **Theft:** While you'd think a new shiny car would be more attractive to thieves this isn't the case. Year after year, the most stolen vehicles are often at least eight or more model years old.
- **Other factors:** Your car insurance rate is calculated on more than just the car you drive. It's based on your driving record, insurance history and where you live as well. There's a lot that goes into your insurance rate, and driving an older or cheaper car does not necessarily mean you'll pay less for insurance.