



Auto Insurance Rates:

How Socioeconomic Factors Influence the Cost of Coverage

Insurance Study Conducted in 2026

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The Problem For Consumers

Illinois car insurance customers are concerned that they are being overcharged and/or unfairly denied coverage because of their age, credit score, or where they live.

The Office of the Illinois Secretary of State advertised to constituents, in particular to car insurance customers, the opportunity to be heard. They built a website devoted to an ILSOS campaign called Driving Change with prompts including:

- “Fair Rates, Fair Roads. Demanding fairness and transparency from auto insurers.”
- “Did you know? The cost of your car insurance in Illinois is based on things like the neighborhood where you live and your credit score and NOT your driving record?”
- “Insurance companies should determine how much you pay on how well you drive-not who you are”—Illinois Secretary of State Alexi Giannoulias

This website suggested that constituents tell their story through a web form, or contact their state legislators. It listed a number of factors that Secretary of State Alexi Giannoulias seeks to have prohibited, including:

- Credit score
- Zip code
- Age over 65

Finally, the website encouraged the reader to become further educated on the issue of insurance premiums through articles written by Chicago Sun Times, the Chicago Tribune, the Daily Herald, ProPublica, Consumer Reports, and the Consumer Federation of America.

Well, people noticed, and they responded, through that form and also through virtual town hall meetings, which were advertised by fliers and which were held eight times.

- 1,826 constituents
- Every State House and Senate District
- 352 letters
- 612 stories
- 939 constituents made town hall appearances
- They represent at least 407 zip codes (of about 1400)
- 162 stories either directly reference age or pertain to age
- 243 stories either directly reference age or pertain to zip code
- 32 have direct references to credit score in notes, with 155 pertaining to economic conditions.



Insurers' Rate Filings through the Lens of Constituents' Concerns

We will describe how insurance rate filings work, with specific attention to how Illinois insurers deal with credit scores, zip codes, and drivers over the age of 65. Our conclusion is that these factors can have a substantial impact on the price consumers pay for auto insurance.

Using publicly available rate plans, one can identify the specific multiplicative factors insurers use to determine prices (premiums) based on these characteristics. To understand how these factors work, let's briefly review how auto insurance premiums are calculated. This varies slightly by insurer but the fundamentals are the same.

How insurers use multiplicative factors in pricing

An insurance policy may include multiple kinds of coverage (e.g., liability for physical damage, liability for bodily injury, collision coverage, comprehensive coverage, etc); may include multiple vehicles; and a given vehicle may have multiple insured drivers.

Insurers usually consider one vehicle at a time, develop a price for each type of coverage on that vehicle (which may depend on the driver(s) of that vehicle), then add up the coverages to get a price for that vehicle. Then they add across all the vehicles on the policy to get a total price for the policy.

They get the price for a given coverage on a given vehicle by starting with a "base rate" price, then multiplying it by many factors. Each of these multiplicative factors represents an adjustment for risk according to a certain characteristic of that policy. For example, insurers have factors for drivers' past accidents. Suppose for a hypothetical insurer the "base rate" is based on a driver having one past accident. Drivers with more past accidents are considered riskier. The factors might look like this:

Number of past accidents	Multiplicative factor
0	0.8
1	1.0
2	1.3
3+	1.8

If a driver has one past accident, the price is multiplied by 1.0, so it does not change from the "base rate". But if the driver has two past accidents, the price is multiplied by 1.3, a 30% increase over the base rate. If the driver has three or more past accidents, the price is multiplied by 1.8, an 80% increase over the base rate.

In our hypothetical example, if the base rate is \$100.00, a driver with one past accident will pay \$100.00. But if the driver has two past accidents, the price is multiplied by 1.3 and the driver will pay \$130.00. If the driver has three or more past accidents, the price is multiplied by 1.8, and the driver will pay \$180.00.



We can also use this table to see the maximum potential impact of this factor on price. Consider two policies A and B that are exactly the same as our hypothetical above, except A has zero past accidents and B has three. Then A's price will be \$80 and B's price will be \$180.00 $1.8/0.8 = 2.25$ times what A's is. So these factors can make a huge difference.

Multiplicative factors used by Illinois insurers

Insurers report their multiplicative factors to the Department of Insurance when they file their rate plans. Now we will look at the factors actually used by Illinois insurers, for the characteristics of age (focus on over/under 65), credit, and geography. We will focus on bodily injury liability and property damage liability, two coverages that are required in Illinois.

Looking Into Age Factors

First, we'll let the constituents speak in their own words.

Rosemary F. (60120, Elgin), Age 75:

"I am on a fixed income. I have been with State Farm for over 30 years. My monthly car insurance (bundled with my home), went from \$83 to \$189!! I have a good driving record with no recent accidents. I drive an old 2004 Toyota Corolla and pay THIS MUCH monthly. Please do something for us!!!!!!"

Yvette W. (60430, Homewood):

"My car insurance was \$74 in 2023. When I turned 65 years old it went to \$212 per month. I have a perfect driving record."

Richard H. (60447, Minooka):

"I'm a retired senior veteran and am being blind-sided by the rising costs of insurance both on my cars and my home. Rate increases are totally ridiculous and I'm finding it hard to survive on my finances. Driving is a necessity and is only done locally for shopping and doctor visits. There are no reductions in place for seniors or veterans. Insurance providers use disasters in other states for an excuse to raise our local rates which is totally unfair. 83 y.o"

Carol R. (60463, Palos Heights):

"I'm a 71 year old widow living on social and small pension. I've had my drivers license for 50 years and have luckily never had an accident and never had a ticket. This year, seems like every major bill has gone up at least \$50 month. Yes, my car insurance went from \$75 to \$125 per month this year, also my home insurance went up almost \$3,000 a year. It's hard supporting yourself these days."



The Secretary of State provided ORCAA with tables of multiplicative factors collected from Illinois insurers' filed rate plans. We used those tables to do the analysis in this and the following two sections. The Secretary of State informed ORCAA that these rate plans are also publicly available at SERFF Filing Access - Illinois. Citations for the specific rate plans the Secretary of State consulted for the analysis in this section are provided in Appendix A.

The table below summarizes information from the tables provided by the Secretary of State. We chose three age ranges and for each we took the average of four factors: Married men, married women, single men, single women.

Age	Average Bodily Injury Factor	Average Property Damage Factor
55-59	0.9601	0.931025
70-74	1.3515	1.131375
Ratio	1.18	1.22
80-84	1.6500	1.5949
Ratio	1.72	1.71

In other words, compared to a 55-year-old, a 70-year-old will pay 1.18 times as much for Bodily Injury and 1.22 times as much for Property Damage coverage. A 80-year-old will pay 1.72 times as much for Bodily Injury and 1.71 times as much for Property Damage.

Let's put this into dollar terms as well.

Again, assuming the base rate is \$100.00, the 70-year-old will pay \$118 for bodily injury and \$122 for property damage, while the 80-year-old will pay \$172 for bodily injury and \$171 for property damage.

Looking Into Credit Factors

Here is testimony from the town hall meetings, from four constituents of many worried about their premium as it relates to credit scoring:

Jean S. (60090, Wheeling):

"I've always had a low income and divorced in 2008. The auto insurance companies have charged me more than others my age or younger all because my credit score is awful and I have had a bankruptcy. I've never had an auto accident and I don't remember ever having a ticket in my life. Might have had to pay a parking meter fine once because I couldn't make it back to the car in time—not even sure about that. The high rates have ruined my life and at times I've had to do without a car and transportation because of it. It's limited my ability to work and earn as a single person. And they've contributed to the fact that I could never save so now I will have to work (if I can find a job) until the day I drop dead."



Aimee M. (60004, Arlington Heights):

"We have been with State Farm for almost 20 years. Our rates have drastically increased. My husband and I went through a hard time and credit scores dropped. They are slowly improving. We haven't had any claims on homeowners and a minor claim on the auto policy several years ago, but just this month our monthly bill went up another \$30/month on our auto policy. We are at almost \$406/month for two vehicles and our homeowner's policy is bundled and an additional \$137/month."

Ryan F. (60085, Waukegan):

"Hi, my name is Ryan F. . I am 41 years old. I have lived in Illinois since 2016. All my life, I've tried to pay my bills on time, when they're due, but in 2020, due to problems from an ex and the COVID-19 pandemic, I was forced into Chapter 7 bankruptcy. My FICO credit score dropped from about 826 on Experian (similar on other bureaus) to 496 leading into the bankruptcy. After the bankruptcy, I had to start out my rebuild with a 550, and I have only managed to get it back up to 684, 5 years later, despite missing no payments on anything since the bankruptcy. The car insurance companies have used my poor credit rating as an excuse to discriminate against me and force me to pay extortionate car insurance premiums, despite my flawless driving record with no car accidents and no driving convictions (ever). I am the same person, and my driving has not changed despite the massive fluctuation in my FICO credit score. It is not fair to make people who are in financial distress, but have a perfect driving record, pay more car insurance premiums to impose a sort of "subsidy" for wealthier people with higher credit scores. Please change this so that the only factor the insurance companies can use is what your driving record looks like. For car insurance, people should be held accountable for what they do as it relates to driving, not some hospital bills or credit cards that got away from them several years ago."

Joyna R. (60452, Oak Forest):

"I have a perfect driving record no accidents in the past 25 plus years or more, no speeding tickets, DUI, moving violations etc my credit score is average. Why should my credit be predicated on my driving history; additionally, if my driving history remains clean throughout the year the insurance companies should reimburse a portion of my premiums; it's only fair. I'm living on a fixed income because of my disability and these insurance providers are living high on the hog. I appreciate finally that someone looking into this matter that take advantage of citizens over the years unfairly. [sic]"

The tables provided by the Secretary of State included multiplicative factors related to credit-based insurance score, for bodily injury and property damage coverages (see Appendix B for citations of the specific rate plans the Secretary of State consulted). The table below summarizes the lowest and highest factors for six insurers writing auto insurance in Illinois. For each insurer, the table reports the lowest and highest factors for bodily Injury and physical Damage, and the ratio (=highest/lowest).



	Bodily Injury	Property Damage
Insurance Company A; 6/5/25		
Lowest	0.822	0.775
Highest	2.280	1.581
Ratio	2.77	2.04
Insurance Company B; 4/5/25		
Lowest	0.930	0.930
Highest	1.590	1.590
Ratio	1.71	1.71
Insurance Company C; 3/17/25		
Lowest	0.832	0.844
Highest	1.141	1.104
Ratio	1.37	1.31
Insurance Company D; 8/1/25		
Lowest	0.630	0.660
Highest	1.120	1.060
Ratio	1.78	1.61
Insurance Company E; 10/28/25		
Lowest	0.650	0.650
Highest	1.078	1.209
Ratio	1.66	1.86
Insurance Company F; 12/3/25		
Lowest	0.748	0.771
Highest	1.622	1.542
Ratio	2.17	2.00



For Insurance Company A, a customer in the worst category of credit-based insurance score will pay 2.77 times as much for bodily injury coverage, and 2.04 times as much for property damage coverage, compared to a customer in the best category of credit-based insurance score.

In dollar terms, assuming a base rate of \$100, a customer with the best credit-based insurance score will pay \$82.20 for bodily injury insurance and \$77.50 for property damage, while a customer with the worst credit-based insurance score will pay \$228.00 and \$158.10, respectively, for the same mandatory coverage.

Looking Into Zip Code Factors

Here are more selections from testimony given by constituents at the town hall meetings:

Harvey W. (60130, Forest Park):

"Recent insured vehicle went up to \$600 after moving to Southside of Chicago. I have NO accidents, tickets or violations and this is absolutely crazy. I have a newer 2024 model vehicle so coverage is a MUST! My insurance payment is close to the cost of my car payment."

Beverly H. (60443, Matteson):

"I am a female, Air force Veteran, age 64, concerned specifically about STATEFARM Insurance company who continuously raise [sic] the premiums for my home and 2 autos. My previous address in Downers Grove afforded me a great rate. I moved back to Roseland to care for my ailing mother and the rates shot up. Then I bought a home in Matteson and the rates went even higher! [sic] I have a stellar driving record, no tickets, 1 "at no fault [sic] of my own" car accident. I am now retired, park my car off the street, in my garage, and there is no allowances for this. I was initially told that moving to a "somewhat rural area" is the cause for my rate increase. Wow! What a scam!"

Nancy P. : (60617, Chicago)

"moved from *** S. Michigan Ave. to *** S. Michigan Ave; less than one mile. Nothing else changed—same car, same owner, same driver, still garage kept. Only thing that changed was the zip code, which triggered a rate increase. Ridiculously unfair."

Sandra H. (60617, Chicago):

"In the past 2 years, moved from being a renter in the Westtown neighborhood, to the 60642 neighborhood. Despite being a safe driver, I am 39, I have only had one accident that was a no-fault. I was hit by a semi, not anything that I could have prevented unfortunately. I am now being charged \$132 more per month living in the south Chicago neighborhood, charged \$132 more per month living in the south Chicago neighborhood, 60617, then I did living in a more affluent neighborhood. And so I absolutely feel like this is a big issue. We're being priced out and I understand why maybe some of my neighbors don't have insurance but the fact of the matter is it has to get better. I had Geico for over 10 years and it is only since moving to the south side that my insurance rates have gone up quite exponentially."



The tables provided by the Secretary of State included multiplicative factors related to zip code for bodily injury and property damage coverages (see Appendix C for citations of the specific rate plans the Secretary of State consulted). The table below summarizes the average factors for zip codes 60426 (Harvey, IL—among the highest factors in the state) and 62379 (Warsaw, IL—among the lowest factors in the state) for Bodily Injury and Physical Damage coverages, and reports the ratio. The additional columns, provide demographics of these zip codes¹.

Zip Code	Avg Bodily Injury factor	Avg Property Damage factor	Nonwhite%	Black%
60426	1.5889	1.2559	94%	65%
62379	0.618	0.7504	6%	1%
Ratio	2.57	1.67		

Compared to a customer in zip code 62379, a customer in zip code 60426 can expect to pay 2.57 times as much for bodily injury coverage, and 1.67 times as much for property damage coverage.

Or once again using a hypothetical base rate of \$100, the driver in 60426 would pay \$158.89 for bodily injury insurance and \$125.59 for property damage, while the driver in 62379 would pay \$61.80 and \$75.04, respectively, for the same insurance coverages.

When Factors Combine

Note that the above factors can and do combine. For example, a 70-year-old driver living in a zip code that is coded for high risk will have two factors in play when the insurers determine his or her Property Damage Insurance premium: 1.22 for being 70, and 1.67 from his or her zip code. That would mean, given a \$100 base rate, they would pay \$204: more than twice as much.

Why Consumers May Consider These Factors Unfair

We've explored, in the customers' own words, how much of a burden it is to be older, on a fixed income, and suddenly have to pay more and more every year for access to a car. These folks aren't imagining it.

And we've seen, by looking directly into the rate filings of the various authorized car insurance companies, what a vast effect these factors can exert on the premiums for car insurance.

¹<https://www.unitedstateszipcodes.org/>



It's understandable that car insurance customers consider this an issue of fairness. First, aging: it's not something they can avoid. Everybody gets old, at least if they're lucky. In fact it happens automatically and is out of their control. It's therefore quite reasonable that older folks feel that it is unfair, especially if they are safe and careful drivers, and especially if they don't have the right to appeal. Second, it is not an issue of incentives. Taxing older folks as a motivation for "better behavior" doesn't work: you cannot choose to stop aging, nor can you modify your behavior to stop aging. It is simply more expensive for older people, who also are likely to be on a fixed income.

We've also seen that, just by the neighborhood one lives in, and irrespective of how one drives, one can be charged higher premiums. Similarly, based on a credit score alone—which could have more to do with health care costs or the burden of a large family or being laid off at a job—some drivers, who are especially in need of transportation to keep the work they can get, will end up with unaffordable car insurance. This is especially hard on them since cash is very tight.

Once again, neither zip code nor credit rating considerations represent a good incentive system, since moving out of one's home is hardly a reasonable request to change insurance rates, if it is even possible. Improving one's credit rating is equally as difficult, and people already have plenty of motivations to do so.

In other words, these non-car, non-driving related aspects of one's life end up making a big difference in what one pays for auto insurance. It is far away from the notion of being judged by the way you drive.

What kind of factor might feel fairer to consider in car insurance, from the perspective of a constituent?

1. Something that is under one's control and would make for a lower risk, or
2. Something that is clearly safety-related, or
3. Ideally both of those things.

For example, driving record, or the number of at-fault accidents (but not the number of accidents where someone else is at fault), or the number of DUI's, and of course things like the type of insurance and limit and deductible that one has. Possibly, the type of car, if there are safety features or other things that are especially expensive or cheap to fix and they are included in coverage.

Notice age is not under one's control, credit rating is not directly related to ability to drive safely, and zip code is also not reasonably under one's control. After all, many of the neighborhoods that are considered "high risk" are historically red-lined zones, which is to say their status is inherited rather than generated by individual behaviors. Another way to think about the extent to which living in a "high risk" neighborhood is under one's control: a given person might be able to move out, but you cannot expect the entire neighborhood to move.



Appendix A

Citations for Multiplicative factors related to age, gender, and marital status

SOURCES:

Marital Status/Gender/Age information comes from:

Automobile Club Inter-Insurance Exchange; 8/25/25; AAAM-134439451

Clearcover Inter-Insurance Exchange; 2/5/25; CLEA-134405202

Direct General Insurance company; 4/4/25; GMMX-134375535

MGA Insurance Company, Inc., 4/16/25; GNCS-134495101

Pekin Insurance Company; PKNS-134584404; 7/22/25

GEICO Indemnity Company; 4/25/25; GECC-134508185

County Mutual Insurance Company 3/24/25; CFPC-134419708

Hartford Accident and Indemnity Company; 4/25/25; HART-134509686

Lemonade marital status tables; LEMO-134149385 7/11/24

Progressive Northern Insurance Company 8/16/24; PRGS-134204114; Females

County Mutual Insurance Company 3/24/25; CFPC-134419708



Appendix B

Citations for Multiplicative factors related to credit-based insurance scores

AIG Private Client Group Personal Auto; APCG-134173883 1/21/25

Automobile Club Inter-Insurance Exchange; AAAM-134439451; 8/25/25

Bristol West Insurance Company; BRWS-134478163; 4/4/25

Central Insurance Company; CEMC-134557918; 6/5/25

Direct General Insurance Company; GMMX-134375535; 4/5/25

First Acceptance; FRST-134460087; 3/17/25

Founders Insurance Company; UTCX-134625461; 8/1/25

Hastings Insurance Company; HAST-134688602; 10/28/25

MGA Insurance Company, Inc.; GNSC-134757406; 12/3/25

Country Mutual Insurance Company; CFPC-134419708; 3/24/25

New South Insurance Company; GMMX-134375644; 4/4/25



Appendix C

Citations for Multiplicative factors related to zip code

SOURCES

Allmerica Financial Alliance Insurance Company; 2/11/25; HNVR-G134413815

American National Property and Casualty Company; 9/26/25; ANPC-134683815

Country Mutual Insurance Company; CFPC-134419708

Direct General Insurance Company; GMMX-134375535

Economy Premier Assurance Company; 5/20/25; FAIG-134535066

Farmers New Century Insurance Company; 7/18/25; FARM-134577032

Geico Indemnity Company; 4/25/25, GECC-134508185

Madison Mutual Insurance Company; MAMI-134403459; 2/6/25

Mercury Insurance Company; 3/21/25; MERY-134462453

MGA Insurance Company, Inc.; 4/16/25; GNSC-134495101

MICO; 2/7/25; MTRS-134409868

State Farm Mutual Automobile Insurance Company;

The General Automobile Insurance Company; 10/24/25; SFMA-134704563

Tesla Insurance Company; 2/19/25; TSIS-134267155

