

Does car insurance go down at 25?

Bankrate

Car insurance rates for young drivers can be eye-wateringly expensive, but does your car insurance premium decrease when you turn 25? Based on Bankrate's study of average premiums, potentially yes. The average cost of car insurance for 25 year olds is \$2,176 per year for full coverage and \$654 per year for minimum coverage.

This is still more expensive than the average cost of car insurance for older adults, and it's important to note that car insurance rates vary by the individual. So should you expect a decrease in car insurance rates once you turn 25 and by how much? Bankrate has the answers.

Does your insurance go down at 25?

Based on rates from Quadrant Information Services for the average cost of car insurance for all age groups, car insurance rates for 25-year-olds typically end up being lower compared to other young drivers.

"Generally, once you turn 25, your rates are going to be a little better," said Robert Passmore, vice president of personal line policies for the American Property Casualty Insurance Association. Passmore added that when you turn 30, insurance companies consider you an adult and your rates will improve again if you maintain a clean driving record.

Average rates from the largest car insurance carriers by market share support this trend. The table below shows the average cost of a full coverage policy from these insurers for 25-year-olds, and how the rates compare to drivers aged 24 and 18.

COMPANY	AVERAGE ANNUAL 25-YEAR-OLD FULL COVERAGE PREMIUM	% DECREASE FROM 24-YEAR-OLD PREMIUMS	% DECREASE FROM 18-YEAR-OLD PREMIUMS
State Farm	\$1,637	-12%	-34%

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COMPANY	AVERAGE ANNUAL 25-YEAR-OLD FULL COVERAGE PREMIUM	% DECREASE FROM 24-YEAR-OLD PREMIUMS	% DECREASE FROM 18-YEAR-OLD PREMIUMS
Geico	\$1,521	-10%	-37%
Progressive	\$1,940	-11%	-35%
Allstate	\$2,941	-18%	-24%
Travelers	\$1,657	-14%	-39%
Chubb	\$2,995	-14%	-20%
USAA	\$1,585	-7%	-23%
Farmers	\$1,719	-13%	-33%
Nationwide	\$1,621	-14%	-14%

**Rates reflect a 25-year-old renter on their own policy, a 24-year-old renter on their own policy and an 18-year-old on their parent's policy.*

How much do rates decrease for 25-year-olds in each state?

Based on Bankrate's sampling of average rates across the U.S., young adult drivers can generally expect significant reductions in auto insurance costs at age 25.

The five states below have the greatest percentage reduction in average premiums between 24-year-old and 25-year-old drivers.

- Montana: -22%
- Vermont: -21%
- Wyoming: -20%
- Pennsylvania: -19%
- Michigan: -19%

STATE	AVERAGE ANNUAL FULL COVERAGE PREMIUM FOR A 25-YEAR-OLD	AVERAGE ANNUAL FULL COVERAGE PREMIUM FOR AN 24-YEAR-OLD	DOLLAR DIFFERENCE
Alabama	\$2,189	\$2,624	-\$435

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Alaska	\$2,143	\$2,549	-\$406
Arizona	\$2,119	\$2,494	-\$375
Arkansas	\$2,309	\$2,560	-\$251
California	\$2,750	\$2,948	-\$198
Colorado	\$2,469	\$2,916	-\$447
Connecticut	\$1,975	\$2,279	-\$304
Delaware	\$2,362	\$2,816	-\$454
Florida	\$3,468	\$3,915	-\$447
Georgia	\$2,542	\$2,875	-\$333
**Hawaii	\$1,265	\$1,265	\$0
Idaho	\$1,347	\$1,602	-\$255
Illinois	\$1,941	\$2,329	-\$388
Indiana	\$1,538	\$1,830	-\$292
Iowa	\$1,530	\$1,799	-\$269
Kansas	\$2,226	\$2,621	-\$395
Kentucky	\$2,483	\$2,974	-\$491
Louisiana	\$3,524	\$4,064	-\$540
Maine	\$1,149	\$1,384	-\$235
Maryland	\$2,385	\$2,750	-\$365
**Massachusetts	\$1,480	\$1,480	\$0
Michigan	\$2,707	\$3,330	-\$623
Minnesota	\$2,061	\$2,380	-\$319
Mississippi	\$2,148	\$2,426	-\$278
Missouri	\$2,355	\$2,838	-\$483
Montana	\$2,057	\$2,638	-\$581
Nebraska	\$1,867	\$2,229	-\$362

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STATE	AVERAGE ANNUAL FULL COVERAGE PREMIUM FOR A 25-YEAR-OLD	AVERAGE ANNUAL FULL COVERAGE PREMIUM FOR AN 24-YEAR-OLD	DOLLAR DIFFERENCE
Nevada	\$2,981	\$3,453	-\$472
New Hampshire	\$1,553	\$1,823	-\$270
New Jersey	\$2,322	\$2,694	-\$372
New Mexico	\$1,849	\$2,112	-\$263
New York	\$3,509	\$3,966	-\$457
North Carolina	\$1,471	\$1,499	-\$28
North Dakota	\$1,483	\$1,668	-\$185
Ohio	\$1,543	\$1,792	-\$249
Oklahoma	\$2,313	\$2,635	-\$322
Oregon	\$1,678	\$1,932	-\$254
Pennsylvania	\$2,381	\$2,943	-\$562
Rhode Island	\$2,253	\$2,624	-\$371
South Carolina	\$1,840	\$2,126	-\$286
South Dakota	\$1,812	\$2,066	-\$254
Tennessee	\$1,799	\$2,040	-\$241
Texas	\$2,270	\$2,664	-\$394
Utah	\$1,771	\$2,108	-\$337
Vermont	\$1,241	\$1,563	-\$322
Virginia	\$1,756	\$2,085	-\$329
Washington	\$1,688	\$1,961	-\$273
Washington, D.C.	\$2,345	\$2,675	-\$331
West Virginia	\$1,856	\$2,157	-\$301
Wisconsin	\$1,556	\$1,795	-\$239
Wyoming	\$1,774	\$2,206	-\$432

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***Age is not a contributing rating factor in Hawaii and Massachusetts due to state regulations.*

How gender affects car insurance rates at 25

Gender is also considered by insurance companies when it comes to car insurance rates, although it is excluded as a rating factor in some states. Statistically, female drivers have fewer incidents behind the wheel compared to male drivers, including fewer DUIs and less serious accidents. This means less risk for car insurance companies, as evidenced by the lower average premium for 25-year-old female drivers compared to 25-year-old male drivers below:

AVERAGE ANNUAL FULL COVERAGE PREMIUM

25-year-old male	\$2,247
25-year-old female	\$2,106

Ways to save on car insurance as a 25-year-old driver

While teen drivers are often able to receive more competitive car insurance rates if staying on their family's policy compared to purchasing their own standalone coverage, young adult drivers may not be able to stay on their parents' policy if they move away from home. If you are a 25-year-old driver, talk to a licensed auto insurance agent about how to find the best car insurance for your needs and what can help with lowering the premium. Asking about car insurance discounts for 25-year-olds can also help if you move onto your own policy.

If you avoid accidents and traffic violations from ages 16 to 24, you will most likely get a better insurance rate when you turn 25. When you reach age 25, ask your insurer to review your policy, advised Amy Bach, executive director of insurance consumer group United Policyholders. "You always should ask," she said. "Do not wait to be offered a discount or a rate reduction."

Why you might not save on car insurance when you turn 25

Although average car insurance premiums show that 25-year-old drivers receive lower car insurance rates compared to drivers ages 16 to 24, this might not always be the case. A few of the scenarios below could be attributed to why your rates haven't decreased as expected, but the most accurate information will come from your insurance agent.

- **Your state doesn't factor age.** Some states have different regulatory restrictions on what can

be used to calculate car insurance rates. Hawaii and Massachusetts are the two states that don't allow a driver's age to be factored in determining their car insurance premium.

- **You have a few marks on your driving record.** Distracted driving can lead to a speeding ticket or an at-fault accident, which could also result in a surcharge on your car insurance policy. These marks could take away any good driver discounts on your policy that were earned by maintaining a clean driving record.
- **You received your driver's license more recently.** When you get your driver's license matters in how you are rated by insurers. Drivers who start driving at 16 have almost a decade's worth of driving experience by the time they turn 25. On the other hand, a driver licensed for the first time in their early 20s has less experience driving, and subsequently could see higher rates.

Other factors that may affect your premiums

Age can be a critical factor in determining your car insurance premium, but it is only one part of the rating process. Other car insurance rating factors can also play a role in your final premium estimate, including these factors below:

- Where you live
- Your [vehicle's make and model](#)
- How frequently you drive
- Your [credit history](#) (in most states)
- Your [gender](#) (in most states)
- Your [marital status](#)
- Your [driving record](#)

All of these elements are weighed by each carrier differently, which is why car insurance rates will vary depending on the insurance company you request a quote from. Certain things, like driving safely to avoid accidents and moving violations, maintaining a good credit score and your coverage selections, could give you the best advantage in looking for a cheap car insurance policy.

Methodology

Bankrate utilizes Quadrant Information Services to analyze rates for all ZIP codes and carriers in all 50 states and Washington, D.C. Rates are weighted based on the population density in each geographic region. Quoted rates are based on 25-year-old male and female drivers with a clean driving record, good credit and the following full coverage limits:

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- \$100,000 bodily injury liability per person
- \$300,000 bodily injury liability per accident
- \$50,000 property damage liability per accident
- \$100,000 uninsured motorist bodily injury per person
- \$300,000 uninsured motorist bodily injury per accident
- \$500 collision deductible
- \$500 comprehensive deductible

To determine minimum coverage limits, Bankrate used minimum coverages that meet each state's requirements. Our sample drivers own a 2020 Toyota Camry, commute five days a week and drive 12,000 miles annually.

These are sample rates and should be used for comparative purposes only. Your quotes may be different.

Age: Rates were calculated by evaluating our base profile with the ages 18-60 (base: 40 years) applied. Depending on age, drivers may be a renter or homeowner. Age is not a contributing rating factor in Hawaii and Massachusetts due to state regulations.

Gender: The following states do not use gender as a determining factor in calculating premiums: California, Hawaii, Massachusetts, Michigan, North Carolina, Pennsylvania.

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