

# STATE OF THE AMERICAN DRIVER



**2024**



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# EXECUTIVE SUMMARY

American drivers faced another challenging year in 2023. The cost of car ownership surged again, led by the steepest jump in car insurance premiums since at least the 1980s. Rising prices for new vehicles and interest rates sitting at four-decade highs kept many would-be buyers on the sidelines and punished those who jumped into the market. Owning a car forced more than half of American drivers to cut spending in other areas of their lives, while delinquencies and defaults on auto loans hit long-term highs, particularly among younger people. Still, in a sign of optimism, more people plan to buy a vehicle next year as used car prices fall and economists predict interest rate cuts in the year ahead.



# EXECUTIVE SUMMARY



For the 2024 State of the American Driver report, Jerry surveyed more than 1,200 American drivers across all age groups and regions. We also drew on internal research on topics including insurance rates, road safety, and auto loan delinquencies. This year's report offers insights into how the cost of car ownership is affecting Americans, their car-buying outlook, views on electric vehicles (EVs) and hybrids, and their experiences on the nation's streets and roads.

At Jerry, our vision is to bring savings and peace of mind to car owners everywhere through our AllCar™ app. This annual report reflects our commitment to explore the economic, informational and safety challenges facing those car owners. In 2023, more than 1 million customers used Jerry to search for savings on car insurance and auto loans. Many took advantage of our expanded AllCar™ app to also improve their driving safety, keep up with vehicle maintenance, estimate repair costs, and more.

Will 2024 be the year of stabilizing insurance rates? The resurgence of hybrids? Increased use and comfort with electronic monitoring of driving habits? **Let's dig in to find out.**

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- More than four in 10 **(42%) American drivers said they plan to buy a new or used car next year**, nearly two times as many as last year (23%). Another 22% said they weren't planning to buy a vehicle but would reconsider if prices dropped, while 12% said they would reconsider if interest rates fell.
- Only **41% of respondents said they were interested in buying or leasing an EV as their next vehicle**, down from 49% a year earlier. And 23% said they expect to get their first EV within the next three years, down from 25% a year ago. Given a choice of two otherwise identical vehicles that are priced the same, **83% said they would choose a hybrid** that didn't require plug-in charging over an EV that did.
- More than half of all drivers **(57%)**—including 68% of Gen Z and 60% of Millennials—**said high prices had affected their thinking about whether to buy a vehicle** “quite a bit” or “a lot”. Just over half (51%) said the same of interest rates.
- Nearly a quarter **(24%) of American drivers with a monthly car payment spent more than 20% of their household's take-home pay on car payments** in 2023, while nearly two thirds (63%) spent more than 10%.

- **More than half (58%) of American drivers cut spending in other areas**—such as restaurant meals, clothing and groceries—because of the high cost of owning a car. That included 80% of Gen Z and 69% of Millennials.
- Soaring car insurance premiums forced **nearly a quarter (22%) of drivers to buy less coverage than they wanted in 2023**. That included 39% of Gen Z and 32% of Millennials. Still, only 38% of drivers shopped around for insurance.
- More than a third of respondents (37%) said they were less likely to buy a Tesla because of Elon Musk’s political views and his management of X (formerly Twitter). But 15% said they were more likely to buy one for the same reasons.
- More than half (**56%**) of drivers said **driving had become more dangerous in the past year**, with moderately higher numbers than last year saying they witnessed angry gestures and yelling (57%) and aggressive honking (55%) at least once. Nearly one in five (18%) said they saw a non-police vehicle chase another vehicle, and 13% saw a non-police vehicle try to stop or block another vehicle.





## CAR BUYING

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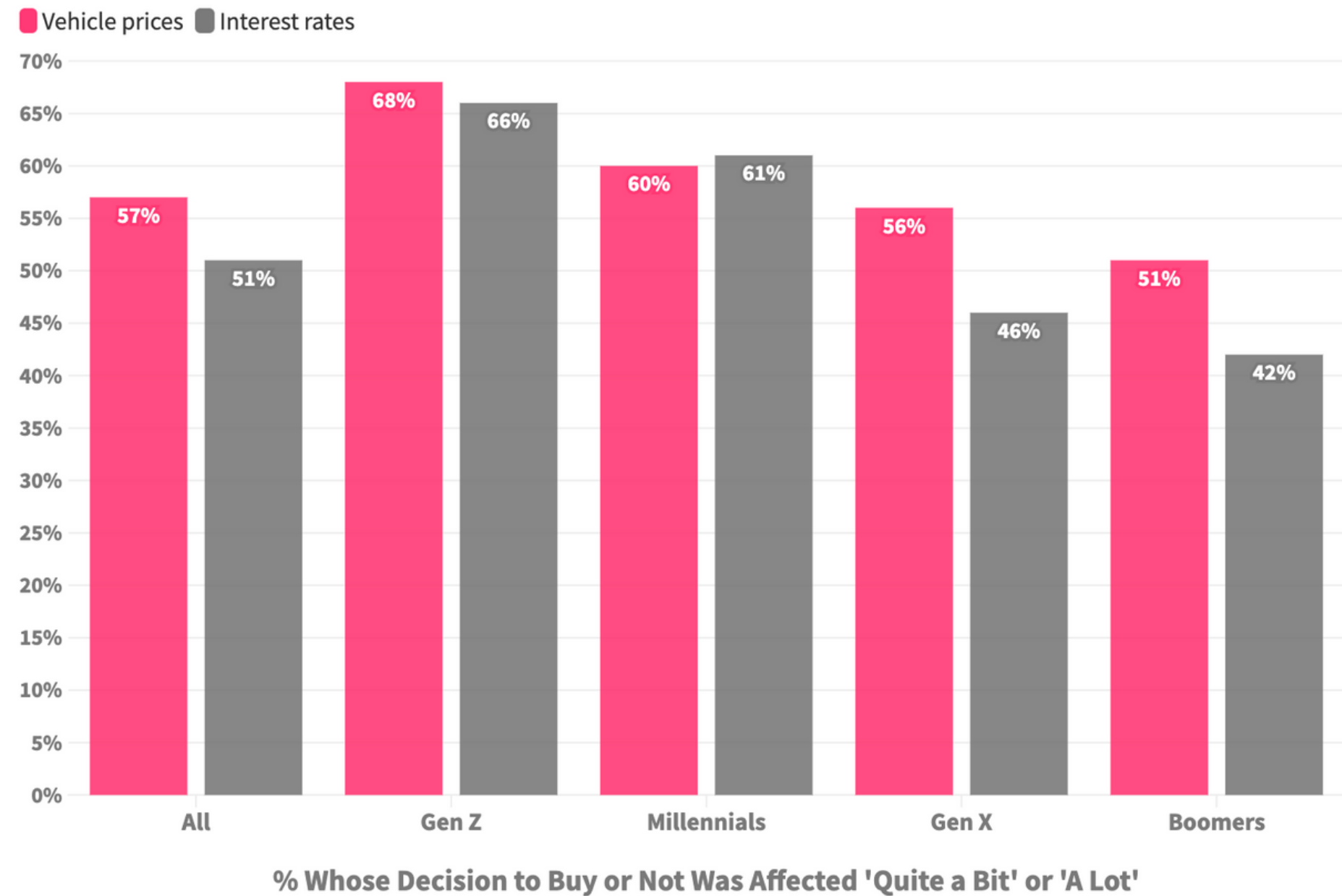
The supply-chain problems that roiled the new and used car markets in 2021 and 2022, sending prices of vehicles and parts sharply higher, were largely resolved by early 2023. But buying a vehicle remained painful for most Americans.

# CAR BUYING

New car prices kept rising and, despite declining steadily over the past year, used car prices remain far higher than before the COVID-19 pandemic. Throw in the highest interest rates in four decades, and cars are increasingly unaffordable for the average American.

## On Their Minds

Vehicle prices and interest rates weigh on a majority of people as they consider buying a car



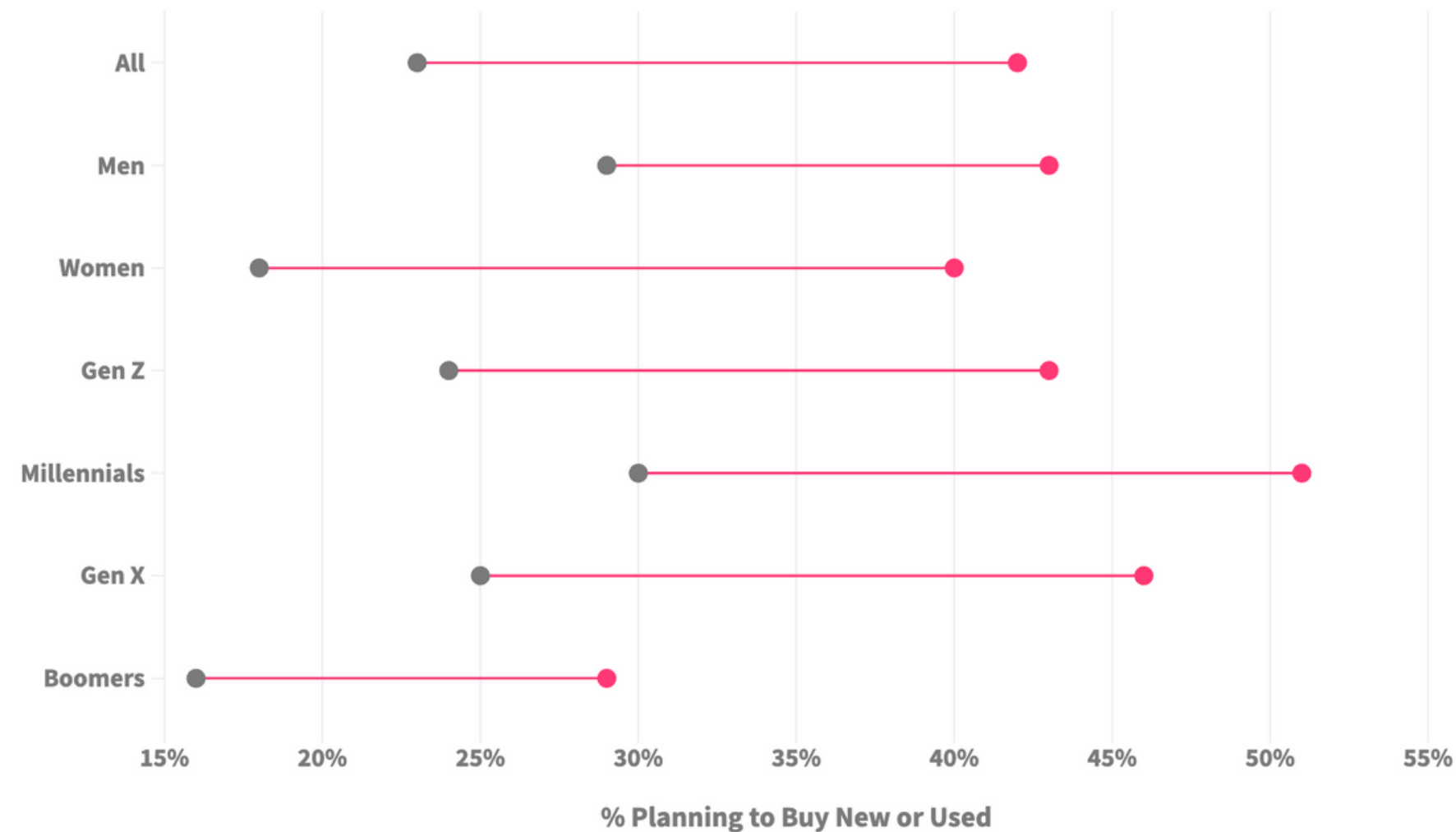


# CAR BUYING

## In the Market

More people than last year said they plan to buy a car in the year ahead

● Planned to buy in 2023 ● Plan to buy in 2024



Still, with the battle against inflation nearly won, the U.S. Federal Reserve is expected to begin cutting interest rates as soon as the first half of 2024. Meanwhile, the economy remains on solid footing, boosting confidence that the U.S. will avoid a severe recession because of the Fed's previous rate hikes. All of which likely explains why the percentage of people who expect to buy a vehicle in the year ahead nearly doubled from a year earlier, to 42% from 23%.

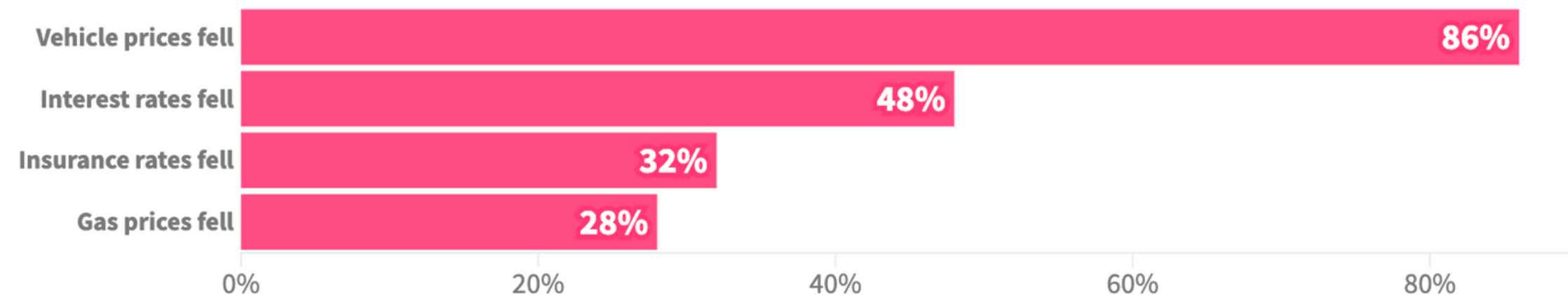


# CAR BUYING

Prices and interest rates remain obstacles for many. Of the 26% of respondents who said they do not plan to buy a car in 2024 but would like to do so, 86% said lower prices would change their mind, while 48% said lower interest rates would.

## Obstacles to Buying

Percentage of people who said they would like to buy a car in 2024 but would do so only if..



The business of selling cars faces a potential shake-up in 2024, with Amazon planning to let people shop for vehicles available in their area on its site. More than half (57%) of respondents said they would consider buying a car on Amazon, compared with 31% who said a year earlier that an online platform would be their preferred method of buying a vehicle.







## **COST OF CAR OWNERSHIP**

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COVID-fueled inflation made the average American's struggle to afford a reliable vehicle more difficult, sending prices and interest rates sharply higher after years of mostly flat vehicle prices and rock-bottom rates. Now, many Americans are ignoring—out of necessity—financial advisers' rule of thumb that you shouldn't spend more than 10-15% of your after-tax income on a car payment.

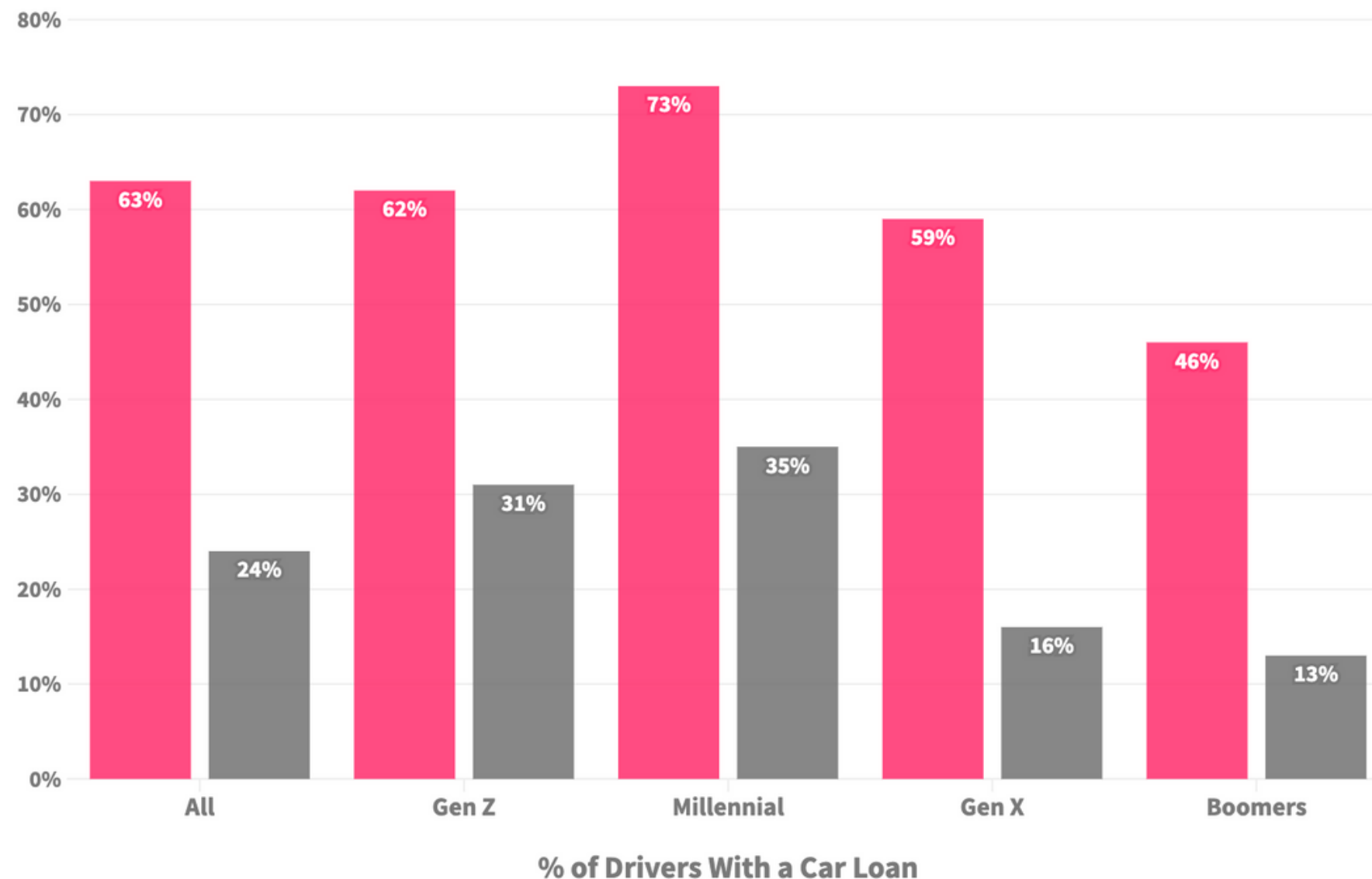
# COST OF CAR OWNERSHIP

In 2023, nearly two thirds (63%) of Americans who have a monthly car payment spent more than 10% of their after-tax household income on car payments, including 24% who spent more than 20%. Millennials spent the biggest chunks of their paychecks on car loans, with more than a third (35%) shelling out greater than 20% of their take-home pay.

## Budget Buster

How much of your household's monthly take-home pay goes to car payments?

More than 10% More than 20%

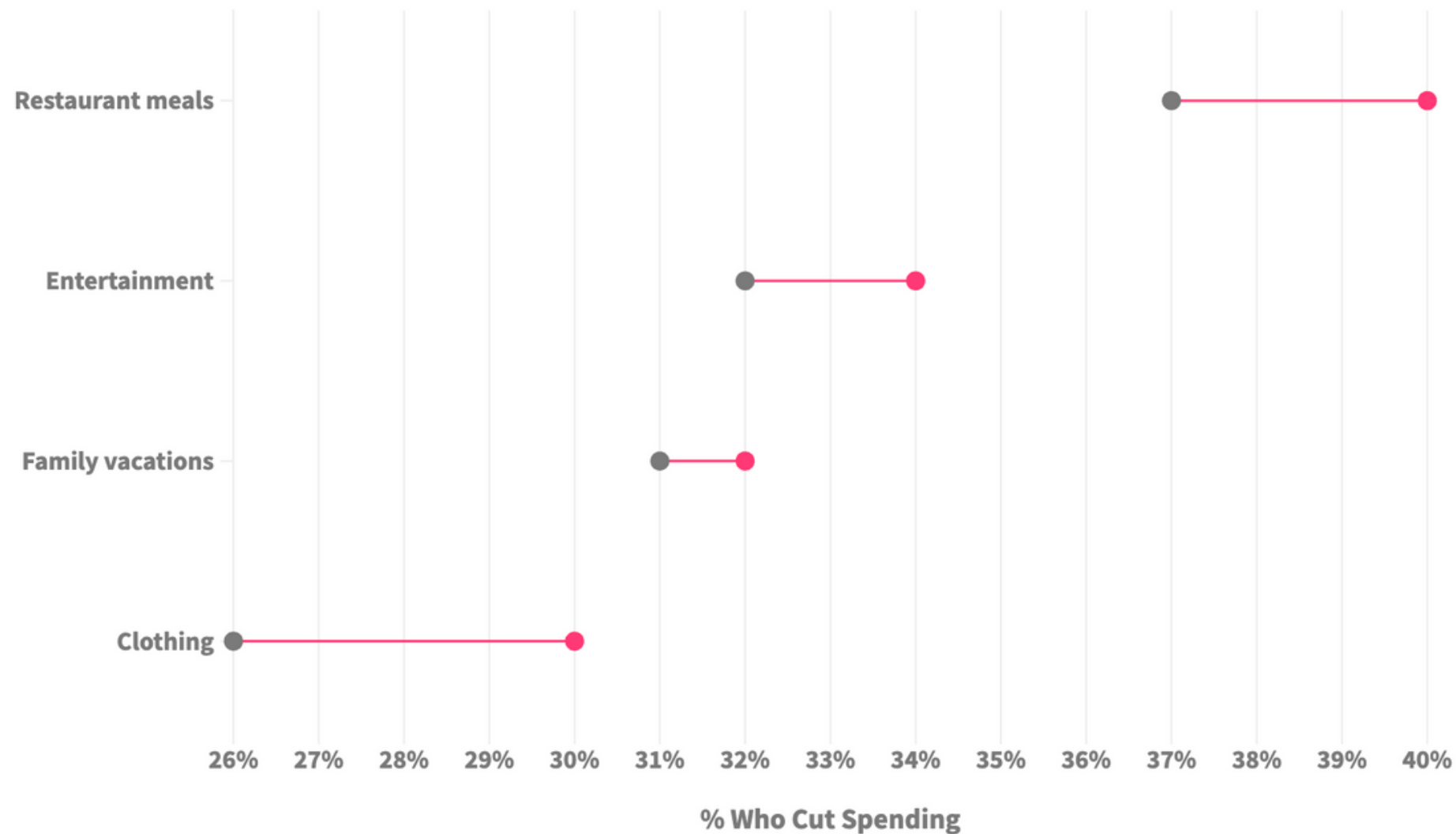


# COST OF CAR OWNERSHIP

## Balancing Act

Higher car-related expenses caused more people to cut spending in other areas in 2023 than in 2022

● 2022 ● 2023



Of course, car expenses don't stop with the purchase price or monthly loan payment. The cost of repairs is up 13% from a year earlier, while insurance premiums have jumped 19%, the biggest increase of any car-ownership expense. That means difficult choices for most families in a year in which inflation remained elevated and wages failed to keep up with price increases.

More than half of Americans (58%) reported cutting expenses in other areas of their lives to pay for the rising cost of owning a vehicle. That included 80% of Gen Z respondents and 69% of Millennials. In most categories, the number of people who said they cut expenses rose from a year earlier. And 30% of respondents said they would be unable to pay for a \$500 unexpected repair job with savings.







## INSURANCE

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Car insurance premiums inflicted plenty of pain on drivers in 2023. Nearly three-fourths of Americans say car insurance is becoming unaffordable for the average person or family. As premiums rose, the solution for many was simply to buy less.

# INSURANCE SOARS

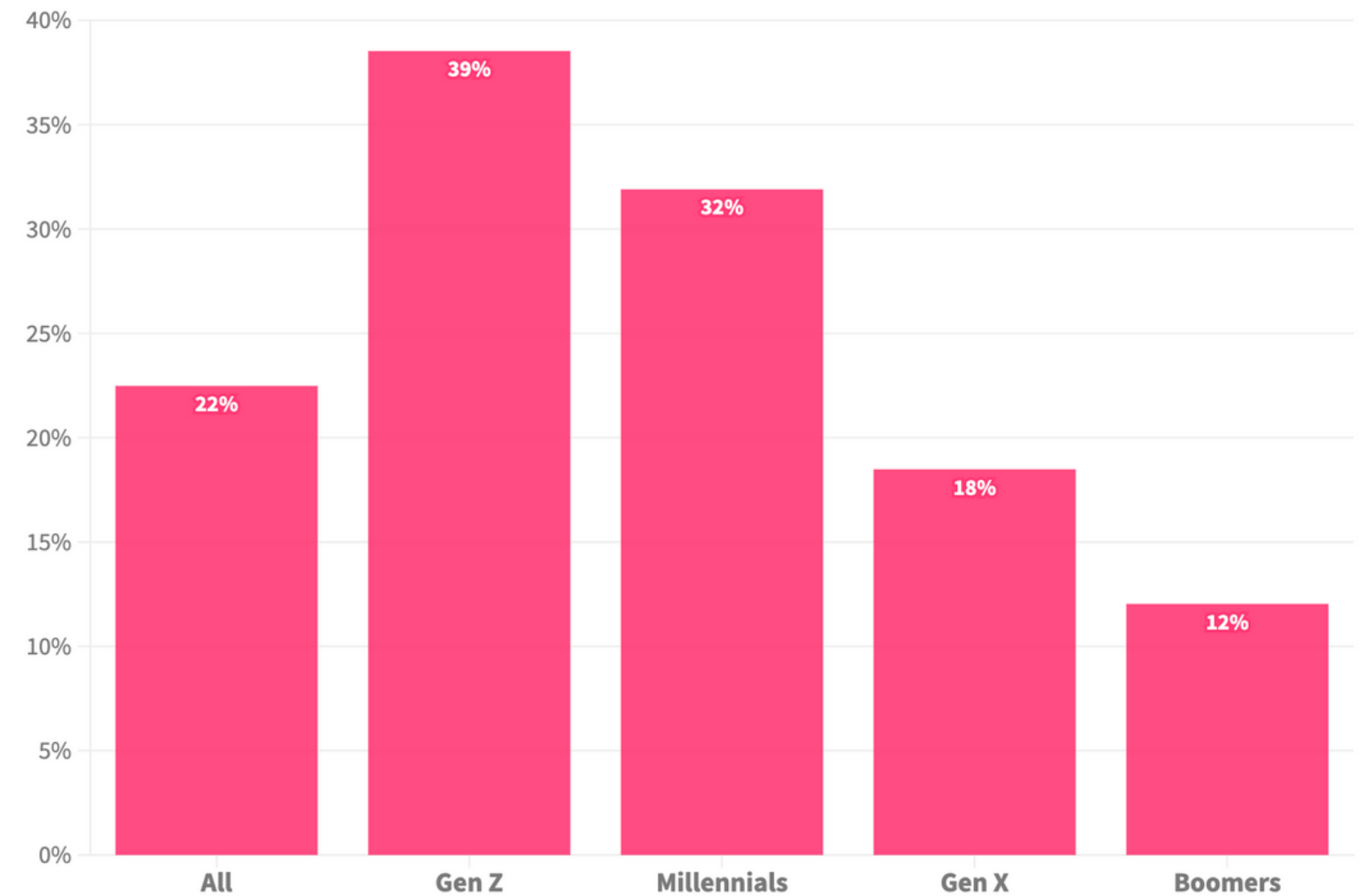
More than one in five (22%) American drivers said they bought less coverage than they wanted in 2023. That included 39% of Gen Z drivers and 32% of Millennials.

Despite soaring premiums, only 38% of all respondents said they shopped around for car insurance in 2023, up just barely from 37% last year. Yet Jerry customer data shows that 60% of people who shop for a lower price on car insurance end up saving money.

More than half (54%) said they would be willing to let their insurance company monitor their driving electronically in exchange for the possibility of a lower premium. But about half (52%) also said they would consider switching insurers if their current insurer required them to agree to electronic monitoring.

## Feeling Exposed

The percentage of people who bought less car insurance coverage than they wanted due to the high cost





# 2024 CAR INSURANCE INDUSTRY FORECAST

Josh Damico is the vice president of insurance operations at Jerry. His predictions below reflect his work with 50+ auto insurance partners to provide drivers the best policies for their needs.

- As inflation declines and insurers see increases in their average premium, loss ratios (the financial losses an insurer incurs from paying claims as a percentage of premiums earned) should start to meaningfully decline. California, for example, is a state where some insurance companies stopped or extremely limited policy sales. As more insurers become confident in their rate levels and re-enter the market, we should see a return to a normal and healthy marketplace environment, which generally equals more choices and competitive pricing for customers.
- Driving data could become the single most important driver pricing factor. More insurers will use telematics this year to attract drivers with an opt-in discount and qualify for additional discounts at renewal.
- Rising car insurance rates hit a four-decade high in October 2023. It rose at an annual rate of 19.2 percent, the fastest increase since at least 1985 which is the earliest year for which data is available. The rise is expected to continue pace upwards this year.
- Bundling home and auto with the same insurer will likely be more challenging in 2024; the odds of finding a better policy by separating your home and auto are likely to increase.
- For the drivers looking for added financial relief: Shopping around for better rates on car insurance can save drivers a significant amount of money without compromising coverage quality. By mid-2024, the market will for the most part be open with most insurers properly priced and looking to grow. Car owners will continue to see large renewal rate increases due to the cost in doing business for insurance companies. This dynamic is expected to cause record levels of shopping and switching.







## **ELECTRIC VEHICLES & HYBRIDS**

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The growing enthusiasm toward EVs cooled in 2023 while interest in hybrids heated up. New EV models piled up on dealer lots as sales failed to meet expectations, despite a flurry of price cuts and a new federal tax credit that made EVs more affordable than ever. By the end of the year, multiple automakers had delayed planned EV-related investments and the introduction of new EV models as analysts speculated that mass adoption in the U.S. had hit a speed bump.

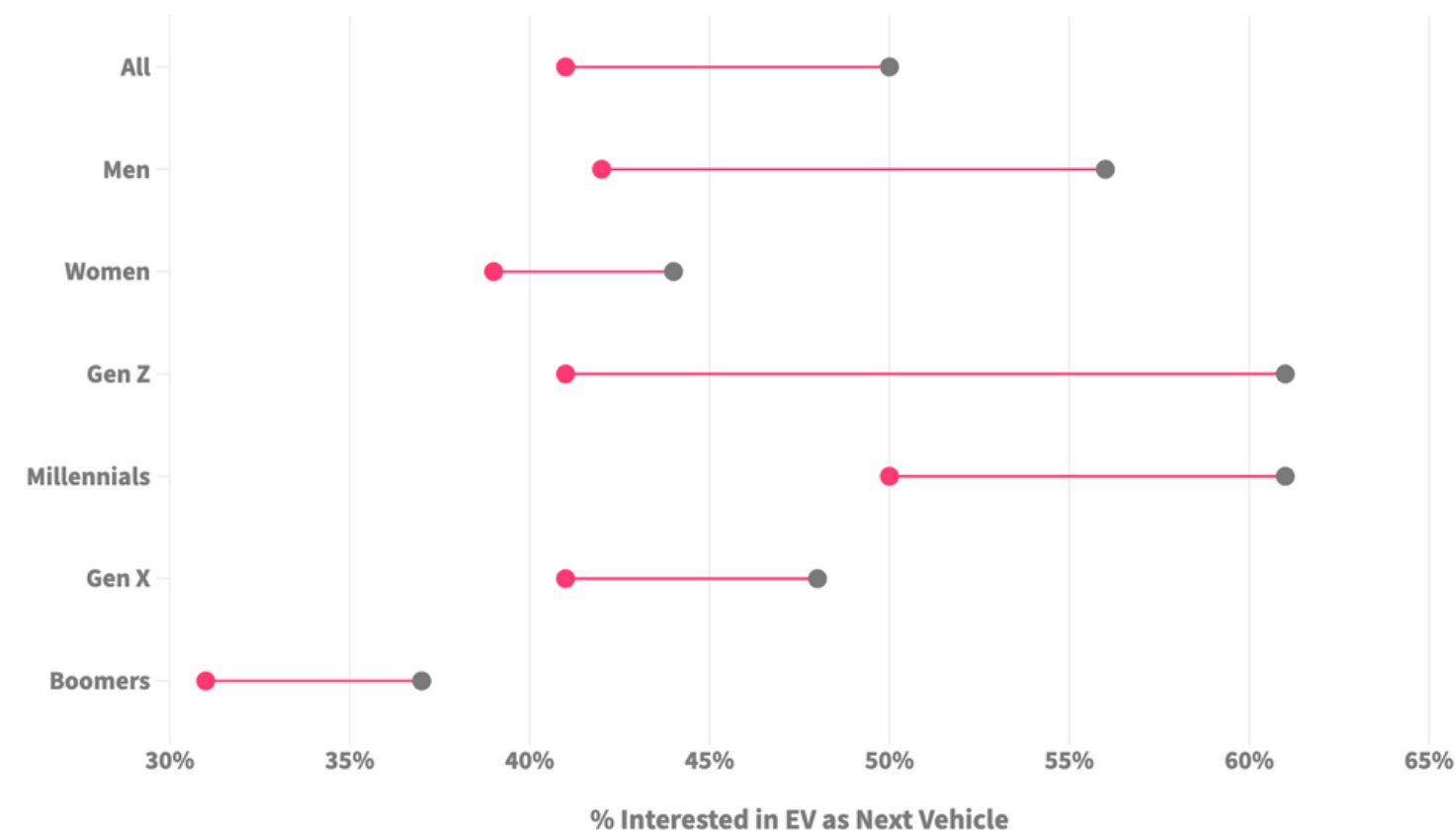
# ELECTRIC VEHICLES & HYBRIDS

The number of people who said they were interested in buying or leasing an EV as their next vehicle dropped from a year earlier. The steepest decline was among members of Gen Z, from 61% to 41%. Only Boomers expressed less interest (31%) than Gen Z.

## EV Interest Fades

Fewer people than a year earlier are interested in buying or leasing an EV as their next vehicle

● end-2022 ● end-2023



EVs are still more expensive than gas-powered cars and hybrids, though the differences narrowed after this year's EV price cuts. But the inconvenience of charging a fully electric vehicle and those vehicles' limited driving range remain the top obstacles for a majority of drivers—and those concerns have grown over the past year.

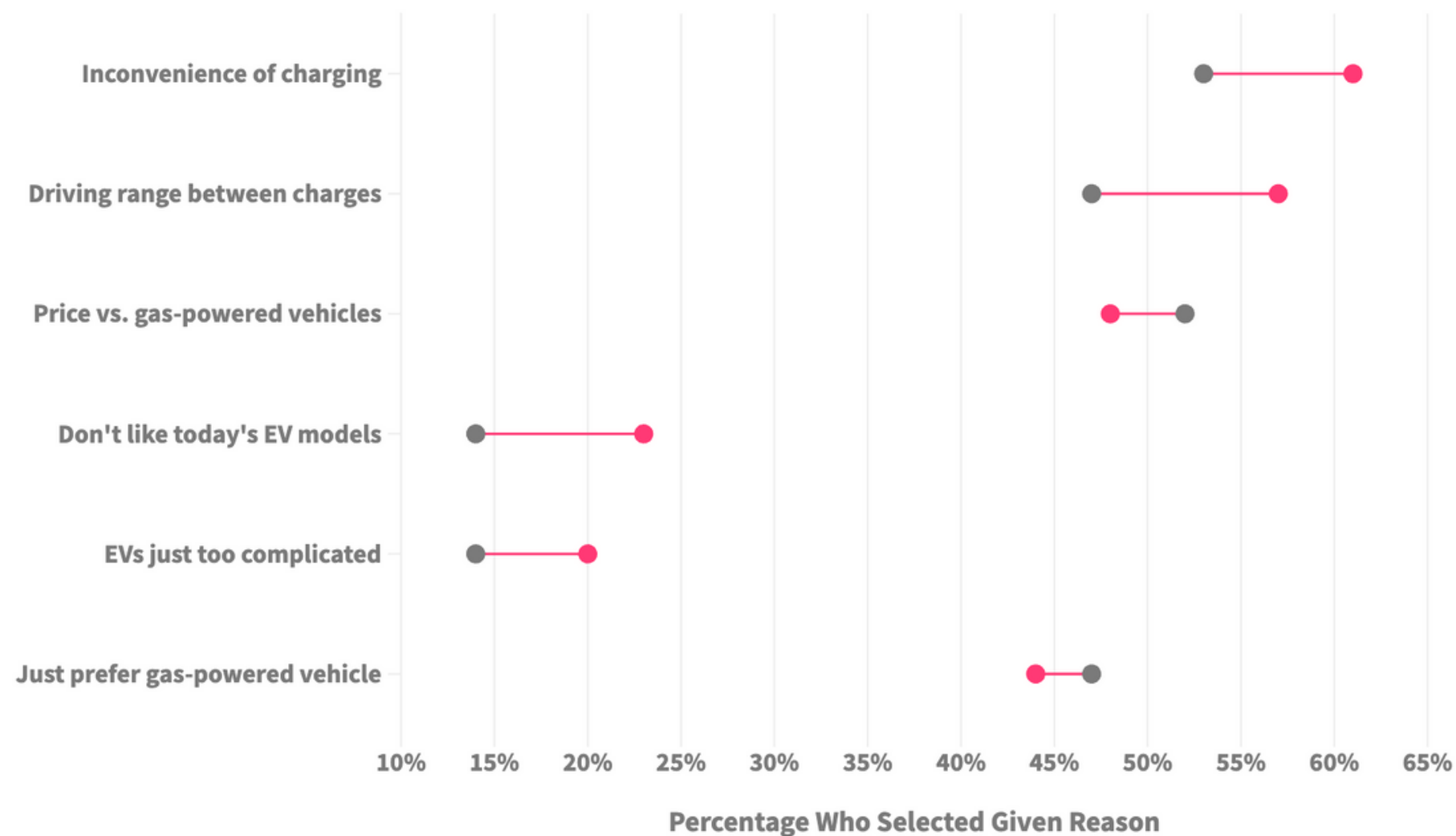


# ELECTRIC VEHICLES & HYBRIDS

## Reasons for No EV Interest

Why are you not interested in buying or leasing an EV as your next vehicle?

● end-2022 ● end-2023



But the resistance runs deeper than that. More than half (54%) of car owners who said they were not interested in buying an EV as their next vehicle said they wouldn't consider one even if charging an EV were as quick and convenient as filling up with gas. Nearly half (44%) said they simply prefer a gas-powered car.



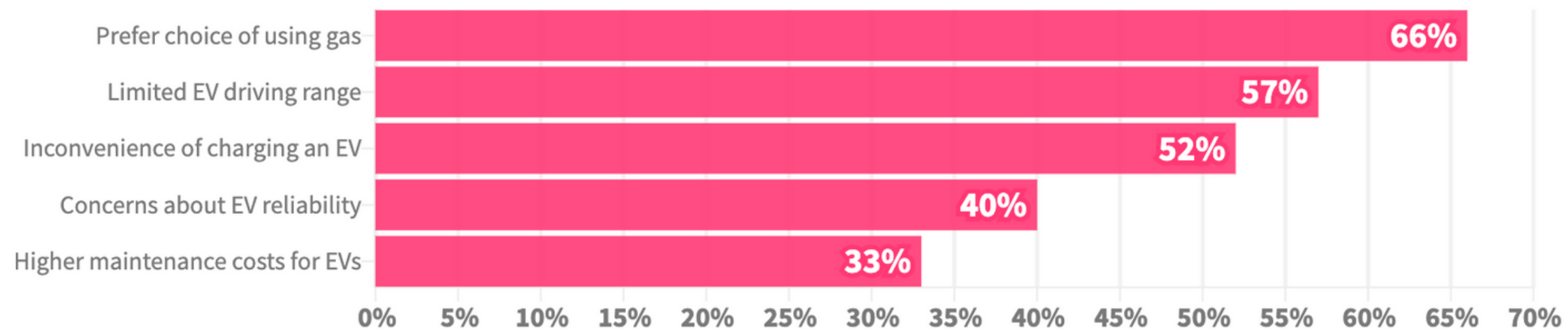


# HYBRID RESURGENCE

The hybrid returns to prominence. Those concerns about driving range and charging needs help explain why hybrid sales are on pace to top EV sales in 2023, just a year after EV sales beat hybrids for the first time ever. Both Toyota and Ford expect to quadruple their hybrid sales over the next five years, and Honda plans to expand its hybrid offerings.

## Hybridization

Why would you prefer a non-plug-in hybrid model over an identical EV model at the exact same price?



It's not just that EVs are more expensive. When asked to choose between two hypothetical identical vehicles with the same price—a hybrid that does not require charging and an EV that does—83% said they would choose the hybrid. The most frequently cited reason (66%) was the option to use gas, followed by limited EV driving range (57%) and inconvenience of charging EVs (52%).



# ELECTRIC VEHICLES & GAS PRICES

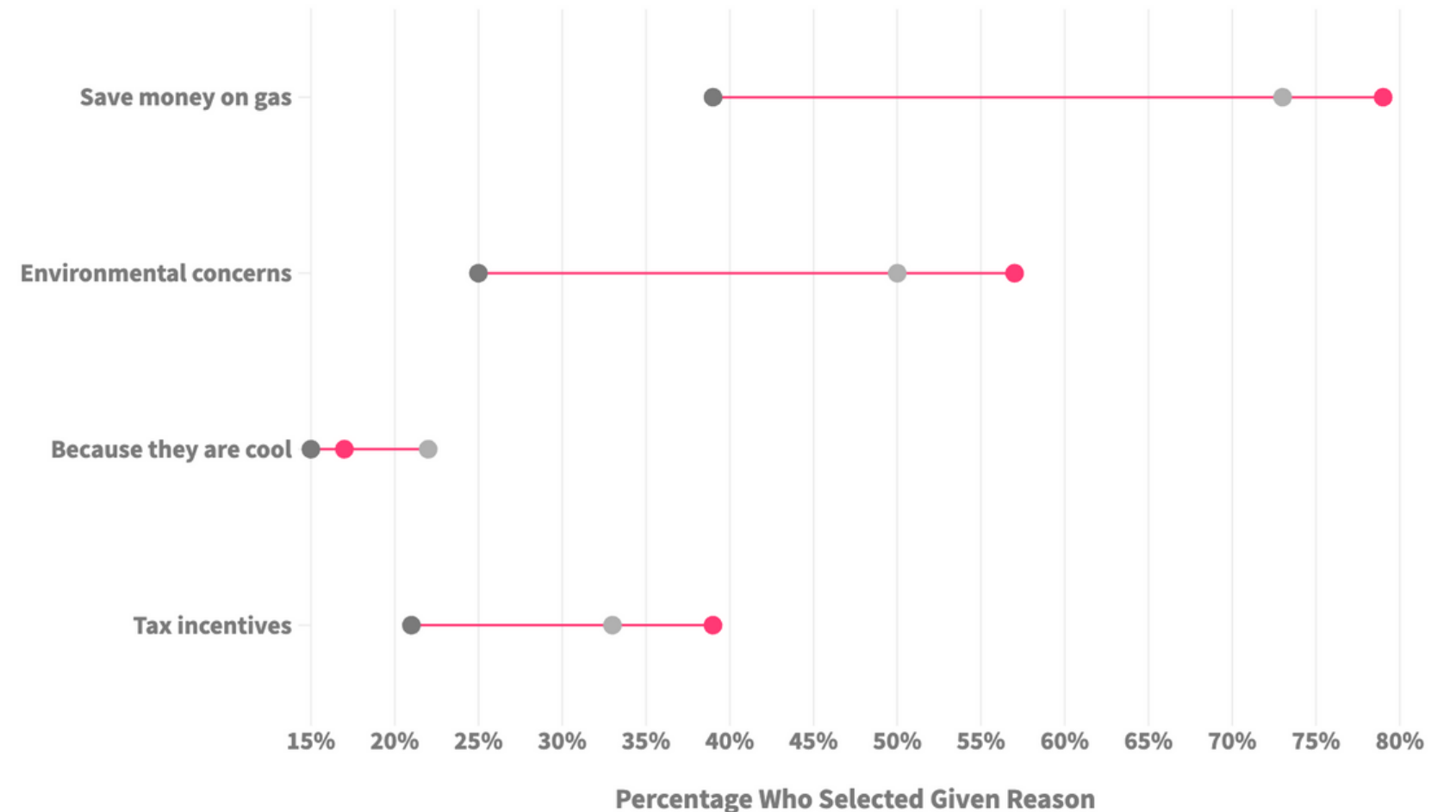
Saving money on gas is the biggest motivator for potential EV drivers. Nearly two thirds (62%) of car owners who said they would choose the EV over the identical hybrid said saving on the cost of gas was a factor, with a smaller environmental impact (58%) and a preference to completely avoid using gas (53%) as their other top reasons.

Similarly, saving money on gas remains the biggest motivator for those who are interested in an EV as their next vehicle. Environmental concerns run a distant second. So with gas now about \$3 a gallon, after hitting a record \$5 last summer, it's little surprise that fewer people than a year ago see an EV as their next vehicle.

## Reasons for EV Interest

Why are you interested in buying or leasing an EV as your next vehicle?

● end-2021 ● end-2022 ● end-2023

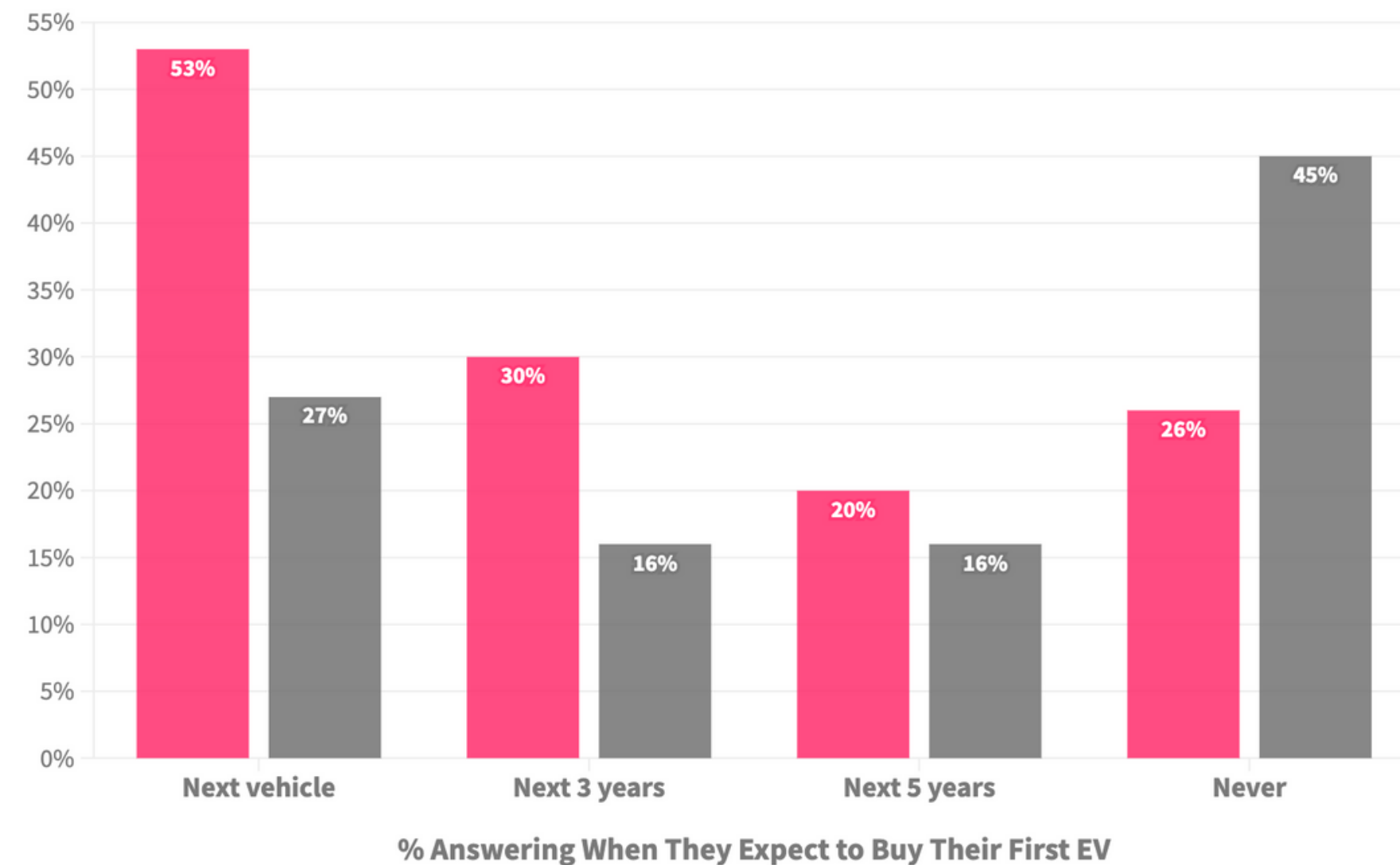


# ELECTRIC VEHICLES & GAS PRICES

## Imbalance of Power

Those who don't have a place where they could charge an EV at home are less likely to envision buying one

■ Place to charge at home ■ No place to charge at home



With the public charging infrastructure still sparse, especially outside the biggest EV markets, there is far greater interest in EVs among people who have the option of installing a charger at home. Those who have a place to install a charger at home were about twice as likely to express interest in buying an EV as their next vehicle, and twice as likely to say they expect to buy their first EV within the next three years. Those without a place to charge at home were nearly twice as likely to say they never plan to buy an EV.



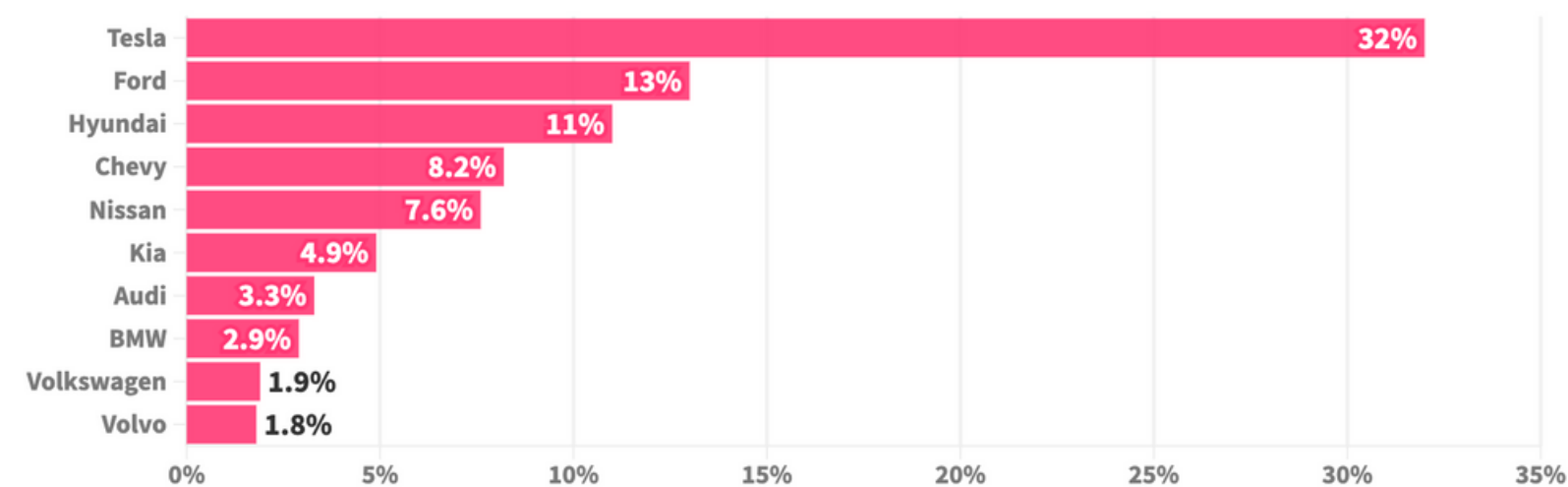


# THE ELON MUSK FACTOR

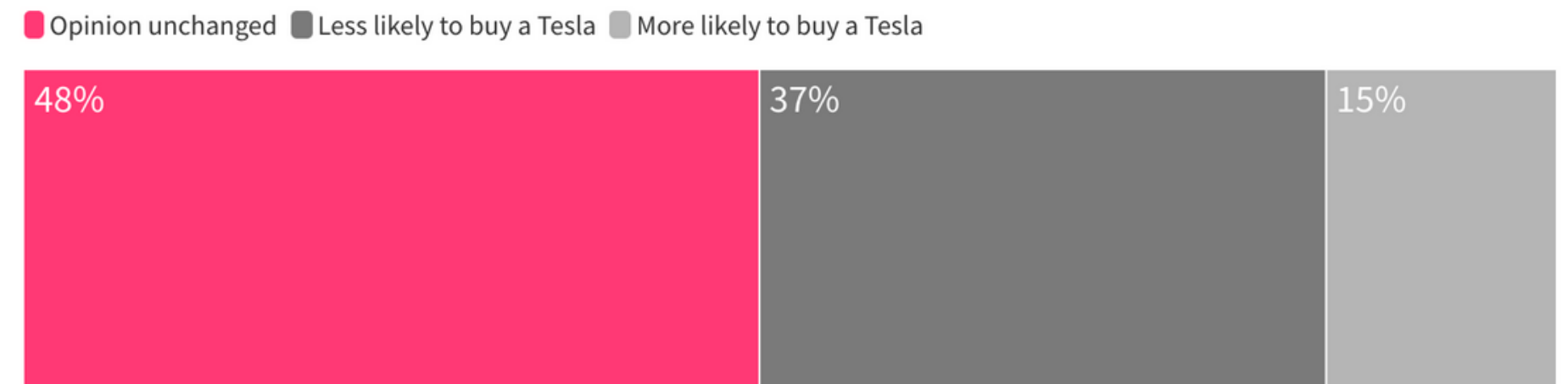
Tesla remains the brand of choice among people who are interested in buying EVs. But its dominance continues to wane as more automakers introduce new EV models. Ford, Hyundai, Nissan and Kia all gained ground among survey respondents since last year.

## Top Choices of EV Brands

If you plan to buy or lease an EV in 2024, what brand are you most likely to choose?



## Have Elon Musk's politics or handling of X (Twitter) affected your view of buying a Tesla?



Elon Musk's purchase of X and his political views probably aren't helping Tesla's sales. More than a third of American drivers who said they would consider an EV for their next vehicle also said they are less likely to buy a Tesla because of Musk's politics and management of X, while 15% said they are more likely to buy a Tesla.





## DRIVER SAFETY

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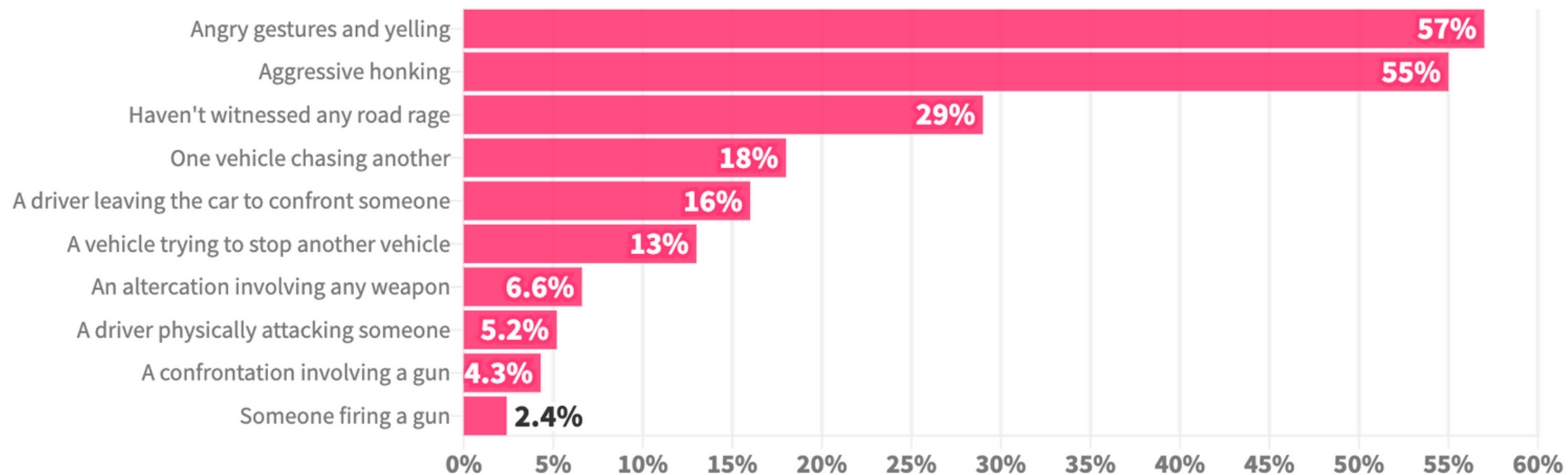
The U.S. faces a road safety crisis. Traffic fatalities jumped 18% from 2019 to 2022, the most recent year for which data is available, as fatal crashes involving speeding rose 21%. The number of people killed who weren't wearing a seat belt rose 17% during the same time frame, and the number of drivers involved in fatal crashes who were under the influence of alcohol, drugs or medication jumped 30% from 2019 to 2021. Meanwhile, the number of road rage shootings more than doubled from 2019 to 2022.

# DRIVER SAFETY

More than half (56%) of American drivers said driving has become more dangerous in the past year, while fewer than one-third (29%) said they did not witness and were not involved in any road rage incidents. More than one in 10 (13%) said they witnessed one vehicle try to stop or block another vehicle, 5.2% said they saw a driver physically attack someone, and 4.3% said they saw a confrontation involving a gun. Six percent said they sometimes keep a loaded handgun within reach while driving, while 27% said they knew someone who does.

## Road Rage on the Rise

What type of road rage have you seen or been involved in over the past year?



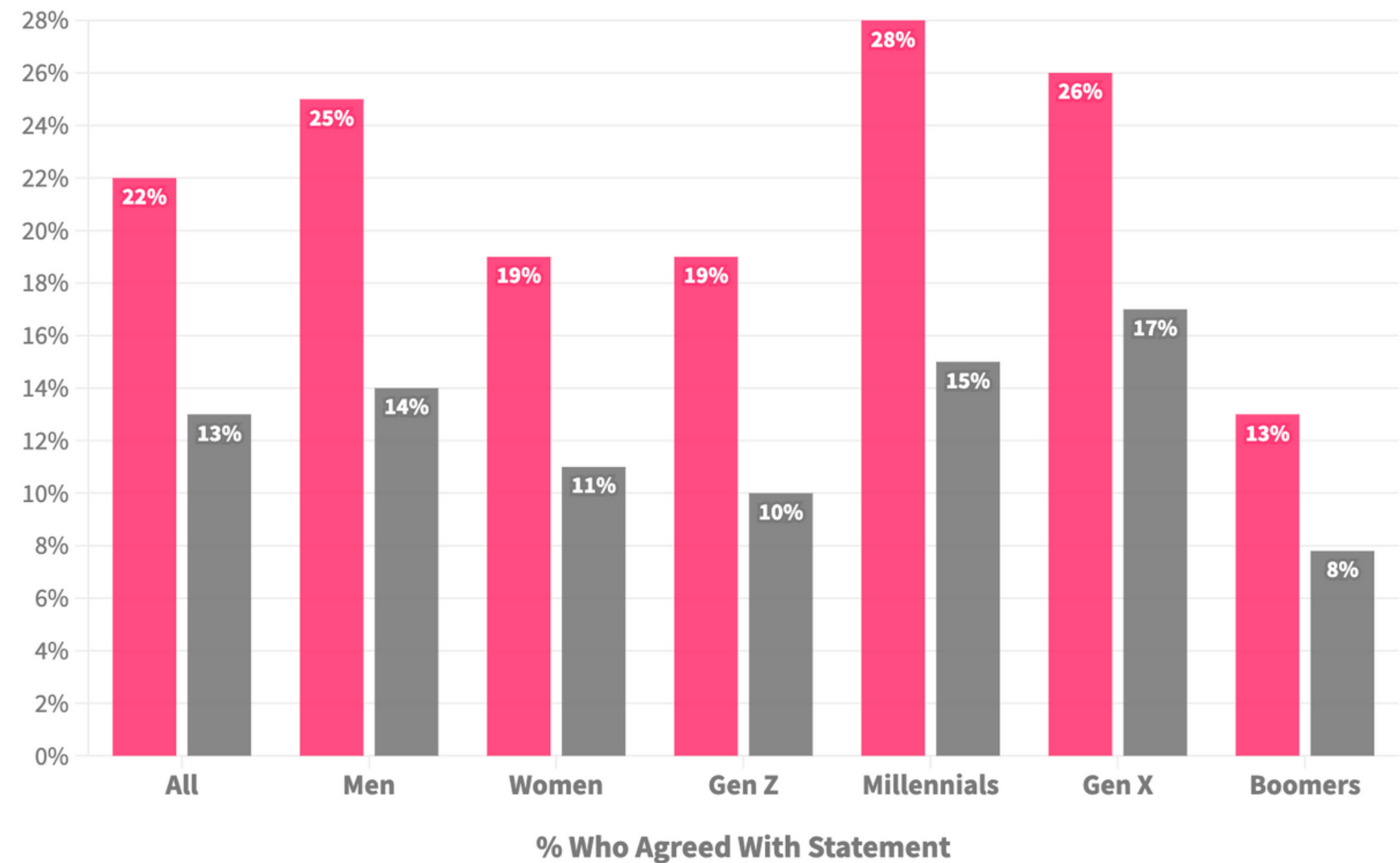
# DRIVER SAFETY

Attitudes toward speeding may help explain the rise in fatal crashes. More than one in five drivers (22%), including a quarter of men, said it's acceptable to drive 15 miles per hour or more over the speed limit on a highway if you don't get caught. That included 28% of Millennials and 26% of Gen X. Another 13%, including 17% of Gen X, said it was acceptable to drive 10 miles per hour or more over the speed limit in a school zone.

## Scofflaws

The percentage of people who say that as long as you don't get caught it's acceptable to ...

■ Drive 15+ mph over speed limit on highway ■ Drive 10+ mph over speed limit in school zone







While most American drivers again struggled with surging car-ownership costs in 2023, falling used vehicle prices and the promise of lower interest rates offer reasons to hope that the coming year will be at least a little easier. This is reflected in the growing number of drivers who say they plan to shop for a vehicle next year.

Getting them to buy an EV, though, remains a difficult sell for automakers who have poured billions into the new vehicles. Sales of EVs to early adopters may have reached a plateau, and with charging infrastructure still underdeveloped, especially outside the areas that have led the way in EV purchases, most Americans remain unconvinced that the value of owning an EV outweighs the risk and inconvenience.

Meanwhile, hybrids are poised to challenge EVs in the years ahead. Many car buyers are starting to see hybrids as a transitional solution—a way to save money on gas and reduce emissions while avoiding the higher price tag and potential headaches that come with buying an EV right now.

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# METHODOLOGY

Jerry's 2024 State of the American Driver report is based on data from a nationally representative survey of 1,268 people conducted in November and December 2023 using a platform and audience from Pollfish. Results were filtered to include only respondents who own or lease a vehicle and drive at least once a week, and blended for age, gender and region. More information about Pollfish and its audiences can be found on its website. Data on fatal traffic crashes comes from the National Highway Traffic Safety Administration, and figures on road rage shootings are from Everytown for Gun Safety, which analyzed data from the Gun Violence Archive. Inflation figures are based on data from the U.S. Bureau of Labor Statistics.

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