

Rising auto insurance premiums fuelling inflation

15th April 2024



Skyrocketing auto insurance premiums are fuelling inflationary pressures in the USA. Costs have been rising at their fastest ever rates. Premiums jumped 2.6 per cent in March alone, which means costs are a whopping 22.2 per cent higher than this time last year. The increases contributed to inflation rising by 0.4 per cent last month. No other category of spending has soared as much as auto insurance. Foxbusiness.com said the average cost of car insurance in the US has surpassed \$2,300 per year, which amounts to about \$192 a month. The rising prices are impacting the lowest paid most. Insurance is becoming more of a financial burden for those struggling to make ends meet in the cost of living crisis.

Automotive analyst Sean Tucker tried to explain what is behind the rising prices. He said: "I think the biggest factor is a combination of new cars and [them being] more expensive, so if you [wreck] your car, the replacement cost is really high, and a fender bender is very expensive right now." He attributed the sophistication of technology, gadgetry and safety equipment in modern cars to more expensive repair and replacement costs. The cost of replacing the battery in an electric car can range from \$6,500 to well over \$20,000. A simple fender bender is likely to damage costly embedded sensors, cameras and sonar. One factor driving up labour costs is a shortage of car mechanics.

Sources: foxbusiness.com / cnbc.com / Bloomberg.com

Writing

Buying a bicycle is better than buying a car. Discuss.

Chat

Talk about these words from the article.

insurance premiums / inflationary pressures / costs / this time last year / struggling / rising prices / cars / gadgetry / safety equipment / battery / fender bender / labour

True / False

- 1) The article says the cost of fuel is increasing inflation in the USA. T / F
- 2) The price of car insurance in the USA rose by 22.2 per cent last month. T / F
- 3) The average cost of car insurance in the USA is over \$190 a month. T / F
- 4) Higher-paid workers are most affected by higher car insurance costs. T / F
- 5) Expensive new cars is one reason why insurance is more expensive. T / F
- 6) Repairing a fender bender is relatively cheap. T / F
- 7) A battery for an electric car can cost over \$20,000. T / F
- 8) There aren't enough car mechanics in the USA. T / F

Synonym Match

(The words in **bold** are from the news article.)

- | | |
|--------------------------|-----------------|
| 1. fuelling | a. point |
| 2. jumped | b. exceeded |
| 3. whopping | c. strain |
| 4. surpassed | d. finesse |
| 5. burden | e. leapt |
| 6. factor | f. mix |
| 7. combination | g. car accident |
| 8. sophistication | h. boosting |
| 9. fender bender | i. dearth |
| 10. shortage | j. huge |

Discussion – Student A

- a) What do you think about what you read?
- b) What do you think of cars?
- c) What's your dream car?
- d) Have you ever been involved in a fender bender?
- e) What do you think of the gadgetry in modern cars?
- f) What things do you get repaired?
- g) What do you think of the job of car mechanic?
- h) What questions would you like to ask the insurance companies?

Phrase Match

- | | |
|--|-----------------------------|
| 1. auto insurance premiums are fuelling | a. of car mechanics |
| 2. Costs have been rising at their | b. 22.2 per cent higher |
| 3. costs are a whopping | c. ends meet |
| 4. Insurance is becoming more of a financial | d. safety equipment |
| 5. those struggling to make | e. inflationary pressures |
| 6. explain what is | f. your car |
| 7. if you wreck | g. and sonar |
| 8. gadgetry and | h. fastest ever rates |
| 9. embedded sensors, cameras | i. behind the rising prices |
| 10. a shortage | j. burden |

Discussion – Student B

- What do you think of car insurance?
- Why is insurance important?
- What kinds of insurance do you have?
- What do you think of insurance companies?
- How is inflation affecting you?
- Is it better for us to give up our cars?
- What's the biggest financial burden for you?
- How are you doing in the cost of living crisis?

Spelling

- auto insurance erpmsmu
- costs are a gniwhopp 22.2 per cent higher
- No other oyateqcr of spending
- insurance in the US has sdseupras \$2,300
- ltsignggru to make ends meet
- Insurance is becoming more of a financial unrebd
- tomateuovi analyst
- the snotticsaihopi of technology
- replacing the tryebat
- costly deddbmee sensors
- One factor driving up labour costs is a grhostea
- car anisemhcc

Answers – Synonym Match

1. h	2. e	3. j	4. b	5. c
6. a	7. f	8. d	9. g	10. i

Role Play

Role A – Sports Cars

You think sports cars are best. Tell the others three reasons why. Tell them what is wrong with their cars. Also, tell the others which is the worst of these (and why): SUVs, limousines or compact cars.

Role B – SUVs

You think SUVs are best. Tell the others three reasons why. Tell them what is wrong with their cars. Also, tell the others which is the worst of these (and why): sports cars, limousines or compact cars.

Role C – Limousines

You think limousines are best. Tell the others three reasons why. Tell them what is wrong with their cars. Also, tell the others which is the worst of these (and why): SUVs, sports cars or compact cars.

Role D – Compact Cars

You think compact cars are best. Tell the others three reasons why. Tell them what is wrong with their cars. Also, tell the others which is the worst of these (and why): SUVs, limousines or sports cars.

Speaking – Cars

Rank these with your partner. Put the best cars at the top. Change partners often and share your rankings.

- | | |
|------------------|-----------------|
| • Sports cars | • Sedans |
| • Hatchbacks | • Pickup trucks |
| • Station wagons | • Limousines |
| • SUVs | • Compact |

Answers – True False

1	F	2	F	3	T	4	F	5	T	6	F	7	T	8	T
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Answers to Phrase Match and Spelling are in the text.