

Economy

Insurance costs hit the brakes

16 October 2026

Key takeaways

- Property insurance (e.g., auto, homeowners, renters) payment growth has slowed considerably, according to Bank of America payments data. Median payments rose just 1% year-over-year (YoY) in 2026, easing further from the 6% growth seen in 2025, after a roughly 12% increase in 2024, suggesting that many consumers are getting some relief from rising insurance payments.
- However, the moderation is uneven across consumers. Bank of America payments data suggests that Gen Z continues to experience insurance payment growth of nearly 6%, while increases for other generations are closer to 1% to 2%. Payments also rose nearly 1.5% for higher-income households but edged lower for those with lower incomes.
- Lower accident rates, easing vehicle prices, and softer major-purchase growth may be reducing cost pressures, but geography remains a major dividing line. Florida metros recorded declines of roughly 7% to 8%, while California and several Northeastern metros continued to see relatively strong increases.

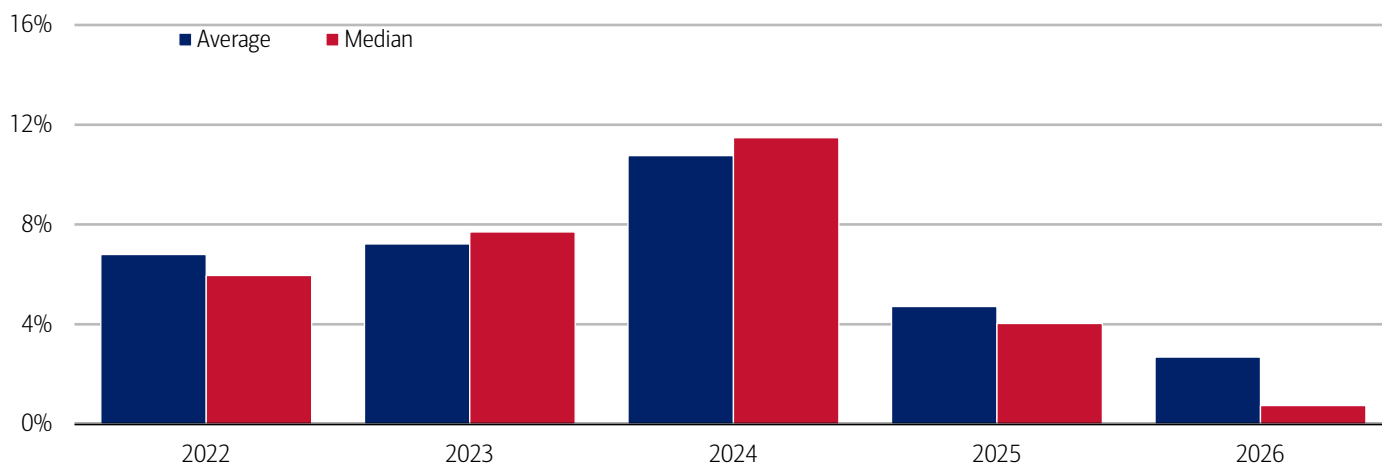
Insurance payments stabilize after years of painful growth

The burden of higher property (e.g., auto, renters, homeowners) insurance payments may be easing for some. Notably, while the average payment increased 3% year-over-year (YoY), the median payment was only up 1%, according to Bank of America payments data. This suggests that most consumers have only seen a small increase in their premiums, though there may be a few outliers (Exhibit 1).

The latest data stands in contrast to just two years ago in 2024, when most consumers saw their insurance payments surge about 12% YoY, after a nearly 8% YoY increase in 2023.

Exhibit 1: Insurance payments have increased only modestly through August of this year, with growth peaking in 2024

Median and average insurance payments (September to August yearly, YoY%)



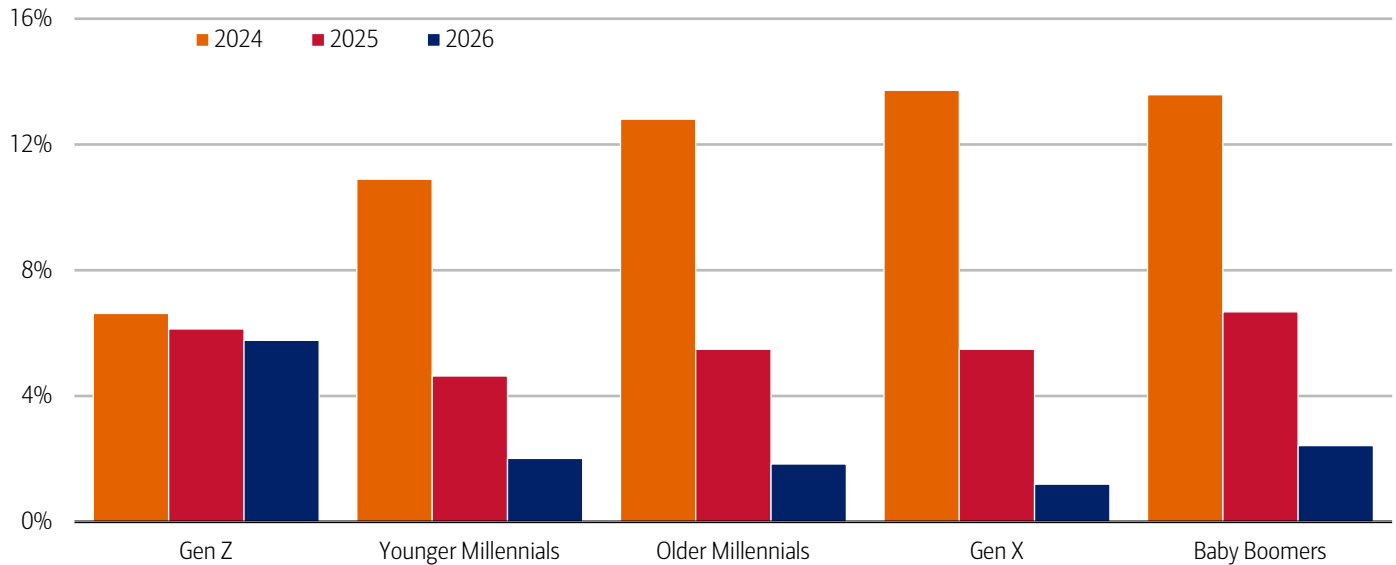
Source: Bank of America internal data

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Insurance payments by age show a similar pattern, with much stronger growth in 2024 across most generations followed by a cooling since then (Exhibit 2). Gen Z is the outlier here, with their payments still growing at a healthy rate, increasing almost 6% YoY for both 2026 and 2025, after a 7% increase in 2024. Meanwhile, Millennials and Baby Boomers experienced a 2% YoY increase so far this year, with Gen X only seeing around a 1% rise.

Exhibit 2: Insurance payment growth is easing significantly for every generation except Gen Z

Median insurance payments by age generation (September to August yearly, YoY%)



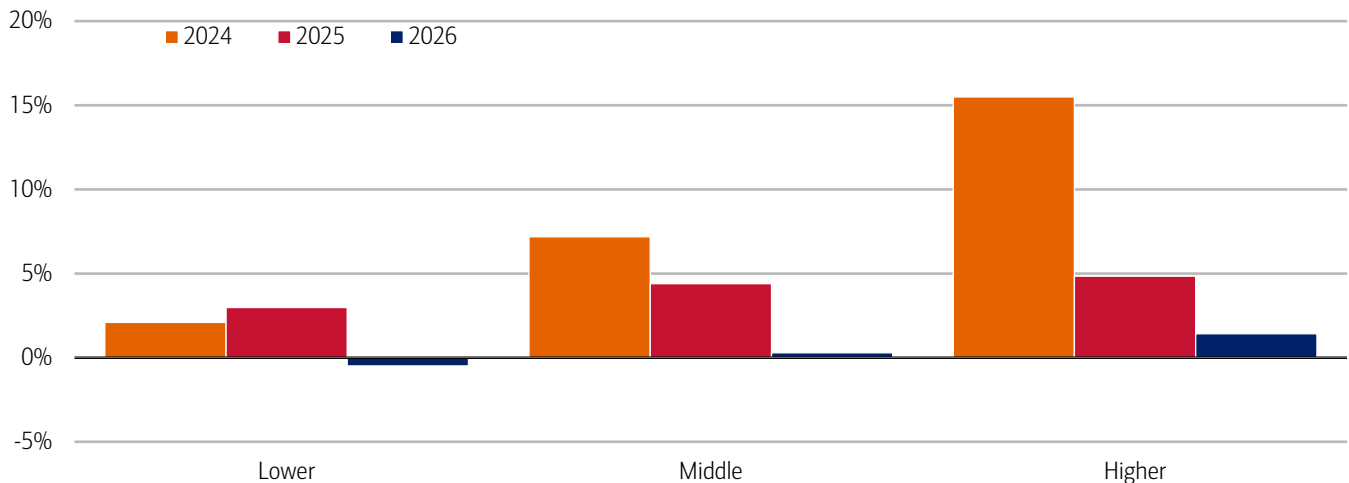
Source: Bank of America internal data

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Bank of America payments data by income provides even more insight. Higher-income households paid nearly 1.5% more in 2026 than they did a year ago, while middle-income households saw only modest increases or none at all (Exhibit 3). Conversely, lower-income households actually paid slightly less so far this year than they did last year.

Exhibit 3: Higher-income households are still paying more for insurance compared to last year, while lower earners are paying less

Median insurance payments by income cuts (September to August yearly, YoY%)



Source: Bank of America internal data

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Fewer accidents and lower vehicles prices may be driving insurance payments down

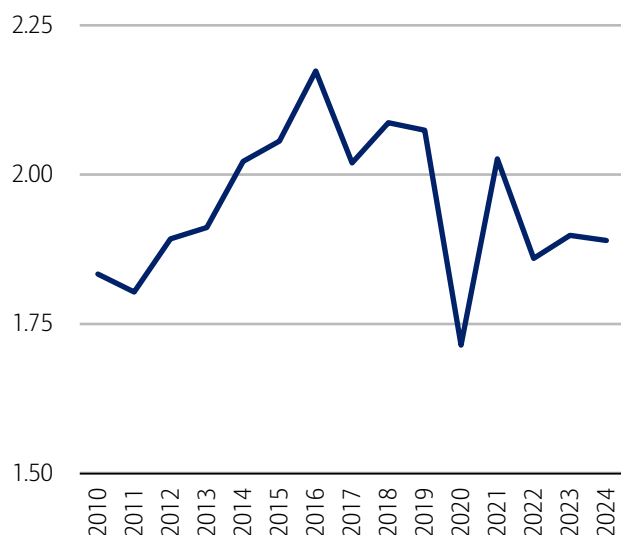
But why might insurance payments be declining at all? One thing to keep in mind is that insurance companies often raise rates to cover events that occurred in previous years to recover costs, while adjusting for changing risks.

For example, the crash rate – the number of vehicle crashes per one million miles driven – suggests that there was a sharp rise in accidents in 2021, according to the Department of Transportation (Exhibit 4). Additionally, new and used vehicle prices increased significantly after the pandemic, according to Consumer Price Index (CPI) data from the Bureau of Labor Statistics (BLS) (Exhibit 5). So, insurers were not only facing more vehicle replacements due to a higher crash rate, but a higher cost to replace vehicles as well.

However, the crash rate mostly declined from 2021 to 2024, and the Department of Transportation reported that the number of accidents likely decreased again in 2025. Also, while the cost to maintain and repair vehicles has consistently grown since 2021, the price to replace vehicles peaked in 2022 and has eased since then – the latter likely a more important factor in insurance costs than the former. Additionally, while the CPI index for motor vehicle insurance has fallen 5% YoY, it's possible that this may partially be due to rebates, according to BofA Global Research. So, the price figured into CPI may not be fully realized by the consumer.

Exhibit 4: The rate of crashes is below pre- and post-pandemic levels

Number of crashes per one million miles driven (yearly, %)

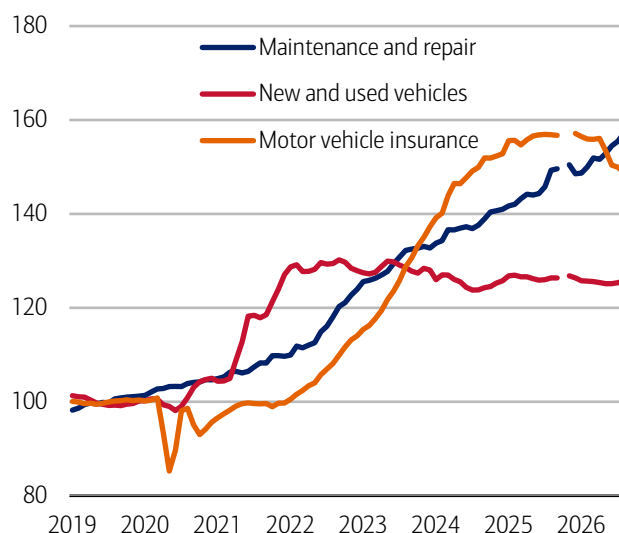


Source: Department of Transportation

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Exhibit 5: New and used vehicle inflation has eased since 2022

CPI for vehicle maintenance and repair, new and used vehicles and motor vehicle insurance (monthly, 2019 average = 100)



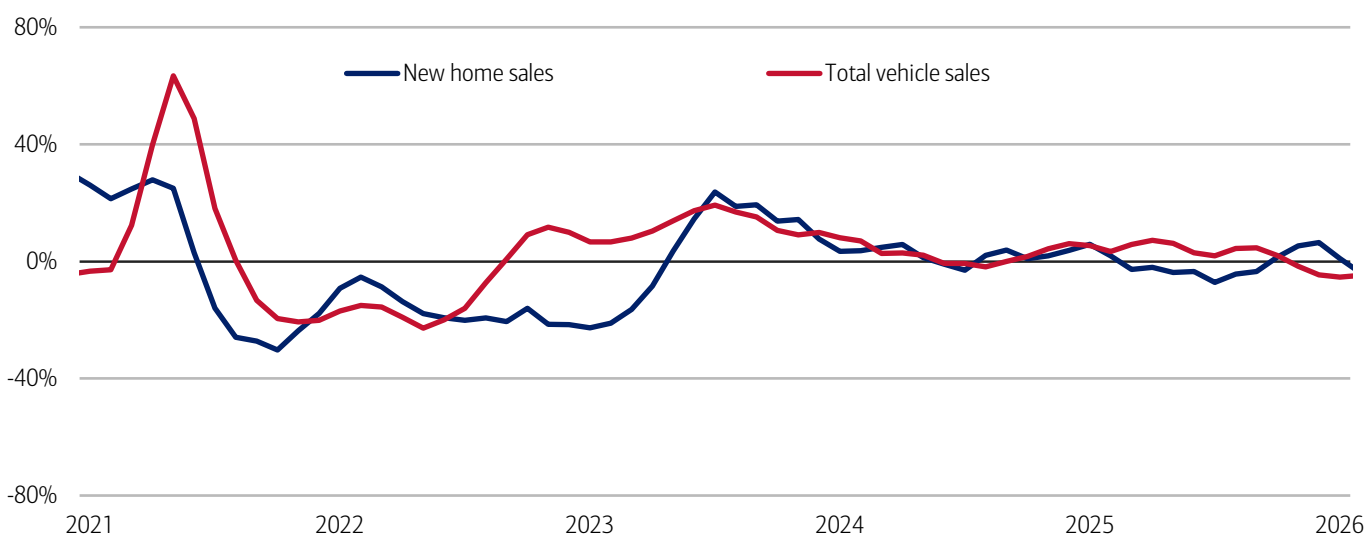
Source: BLS. Some fall 2025 months might be missing due to the government shutdown.

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Another factor in the divergence between a declining CPI and rising insurance payments in our data may be the growth in the amount of property people are insuring now. Notably though, this growth has eased in recent years. YoY growth in both new home and total vehicle sales peaked in mid-2023 and has grown modestly, or even declined, since (Exhibit 6). And given that these major purchases are still K-shaped (read more in [Autos: In gear, but the “K” is still in the headlights](#) and [On the move: Renovation over relocation?](#)), it could help to explain the divergence in insurance payment growth across income cohorts.

Exhibit 6: Growth in new home and total vehicle sales peaked in mid-2023 due to a post-pandemic boom but has eased since

New home and total vehicles sales (three-month moving average, YoY%)



Source: Haver analytics

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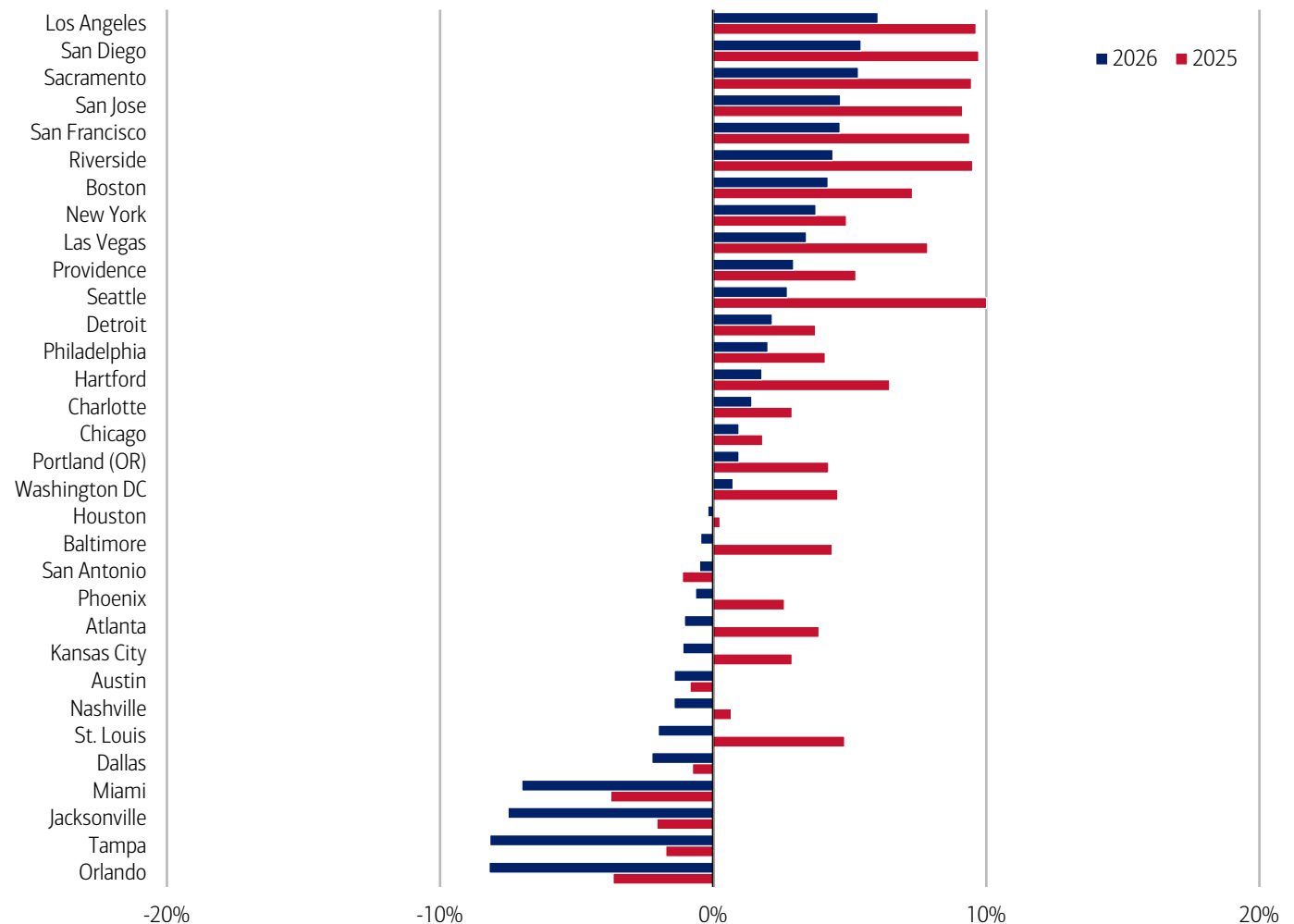
Florida's metros have seen the largest decline when compared to other major cities

Examining different cities across the US also sheds light on insurance trends. Consumers in major California metros saw the largest increases in 2026, following near double digit growth in 2025, likely driven by widespread property damage from wildfires, according to BofA Global Research (Exhibit 7). Major coastal metros in the Northeast like Boston and New York also experienced sizable increases as well.

Conversely, many cities throughout the Sun Belt like Houston, Nashville and Dallas saw flat or even declining insurance payments. BofA Global Research points to several reasons for these declines: part of the equation in this region is that the massive runoff in the cost of property insurance and domestic migration to the region through 2024 has since eased or reversed course.

Exhibit 7: California major metros have seen steady insurance payment growth, while Miami metros have seen declines

Median insurance payments by core based statistical areas (September to August yearly, YoY%)



Source: Bank of America internal data

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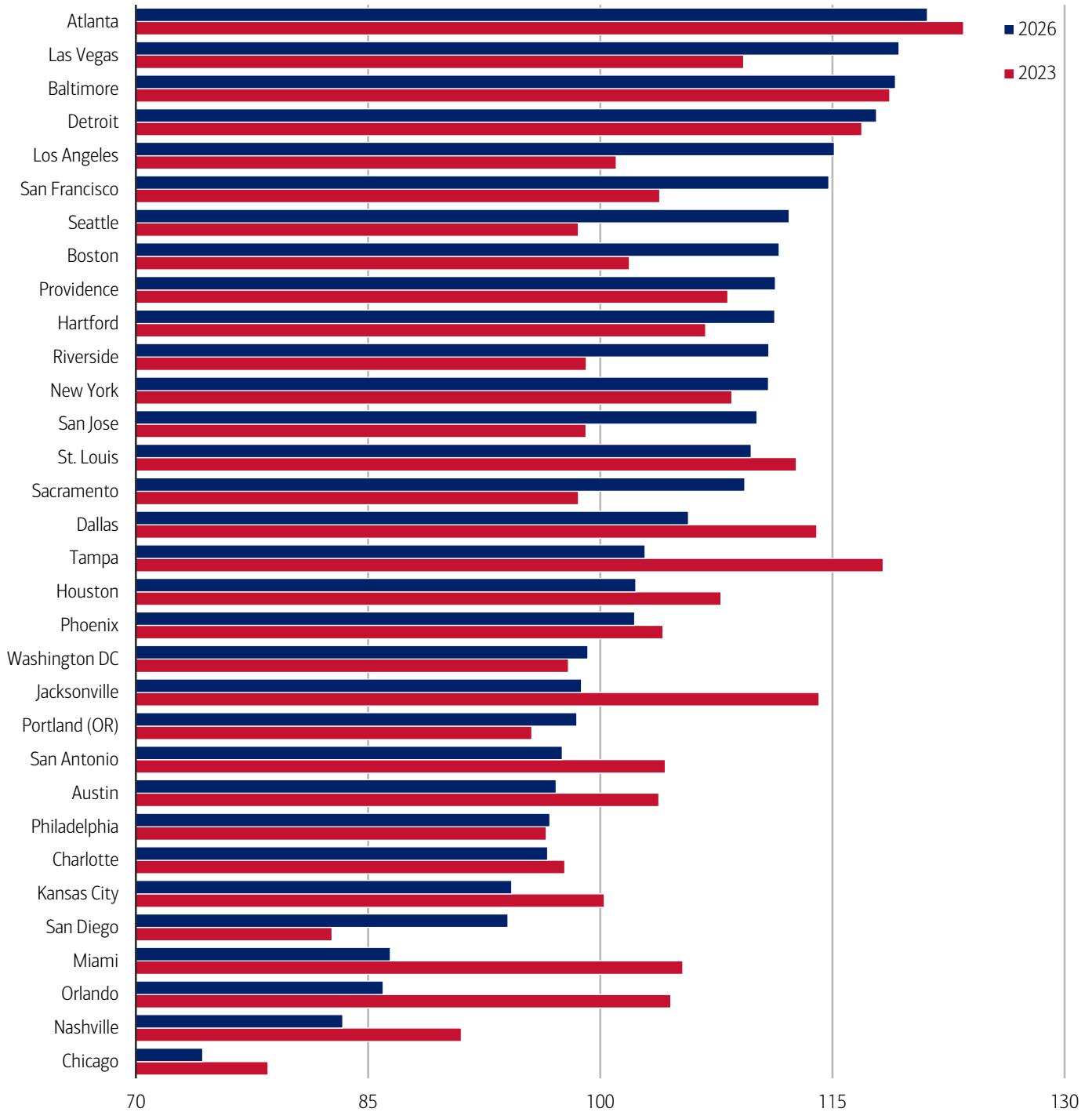
In Florida, legislation that went into effect in 2023, eventually made its way into insurance prices in 2025, leading to widespread declines in premiums. The state also has a “lookback period” of three years, where insurance profits can be deemed too high and a rebate is issued to consumers. It’s possible this rebate is factoring into declines this year, as some carriers only allow rebates upon renewals.

The Sunshine State was a notable standout for declines, with Orlando, Tampa and Jacksonville each down around 8% YoY in 2026, followed closely by Miami with a 7% decrease. Additionally, Bank of America payments data suggests that Jacksonville, Miami and Orlando all had median insurance payments above the national level in 2023, though their payments were fell below that in 2026 (Exhibit 8).

Major metros in Texas also saw easing insurance payments relative to 2023, while Seattle, San Jose, and Riverside, CA are among the major metros that went from below the national median to above in the three-year period ending in 2026.

Exhibit 8: Chicago, Nashville, Orlando and Miami residents have some of the lowest insurance payments in the nation among major metros

Median insurance payments by core based statistical areas (September to August yearly, index to national median = 100)



Source: Bank of America internal data

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Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash, and checks.

Any **Small Business** payments data represents aggregate spend from Small Business clients with a deposit account or a Small Business credit card. Payroll payments data include channels such as ACH (automated clearing house), bill pay, checks and wire. Bank of America per Small Business client data represents activity spending from active Small Business clients with a deposit account or a Small Business credit card and at least one transaction in each month. Small businesses in this report include business clients within Bank of America and generally defined as under \$5mm in annual sales revenue.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

The differences between the total and per household card spending growth rate (if discussed) can be explained by the following reasons:

1. Overall total card spending growth is partially boosted by the growth in the number of active cardholders in our sample. This could be due to an increasing customer base or inactive customers using their cards more frequently.
2. Per household card spending growth only looks at households that complete at least five transactions with Bank of America cards in the month. Per household spending growth isolates impacts from a changing sample size, which could be unrelated to underlying economic momentum, and potential spending volatility from less active users.
3. Overall total card spending includes small business card spending while per household card spending does not.
4. Differences due to using processing dates (total card spending) versus transaction date (per household card spending).
5. Other differences including household formations due to young adults moving in and out of their parent's houses during COVID.

Any household consumer deposit data based on Bank of America internal data is derived by anonymizing and aggregating data from Bank of America consumer deposit accounts in the US and analyzing that data at a highly aggregated level. Whenever median household savings and checking balances are quoted, the data is based on a fixed cohort of households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through the most current month of data shown.

Bank of America aggregated credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards are excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

Insurance payments include renters, auto or home, but do not include insurance escrowed into mortgage payments or deducted from a paycheck.

We consider a measure of services necessity spending that includes but is not limited to groceries, utilities, and gasoline. Discretionary services includes but is not limited to charitable donations, leisure travel, entertainment, and professional/consumer services. Discretionary retail includes but is not limited to general merchandise, miscellaneous, clothing, electronics and furniture. It excludes categories like groceries and gasoline. Holiday spending is defined as items in which spending in the November-December period is usually at least 20% of total annual spending on the category. Value and premium grocers are determined judgmentally on a proprietary analysis of merchants by equity analysts. The "more discretionary" retail category includes furniture, electronics, building materials, online marketplaces, clothing retailers and miscellaneous stores; while "partly discretionary" retail contains auto parts and services, health and personal care retailers, general merchandise and "mostly necessity" retail contains gas and groceries.

Lower, middle and higher household income cuts in Bank of America credit and debit card spending per household, and consumer deposit account data are based on quantitative estimates of each households' income. These quantitative estimates are bucketed according to terciles, with a third of households placed in each tercile periodically. The lowest tercile represents 'lower income', the middle tercile represents 'middle income' and the highest tercile 'higher income'. The income thresholds between these terciles will move over time, reflecting any number of factors that impact income, including general wage inflation, changes in social security payments and individual households' income. The income and tercile in which a household is categorised are periodically re-assessed.

Generations, if discussed, are defined as follows: Gen Z, born after 1995; Younger Millennials: born between 1989-1995; Older Millennials: born between 1978-1988; Gen Xers: born between 1965-1977; Baby Boomer: 1946-1964; Traditionalists: pre-1946.

Any reference to card spending per household on gasoline includes all purchases at gasoline stations and might include purchases of non-gas items.

Additional information about the methodology used to aggregate the data is available upon request.

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Sources

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Disclosures

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