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DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

MEMORANDUM

DATE: **Wednesday, February 18, 2026**

TO: **JISC on Commerce and Labor**

FROM: **Ned Gaines, Commissioner of Insurance**

SUBJECT: **Overview of Automobile Insurance Rates in Nevada and Reasons for High Premiums**

Nevada operates under a **prior-approval system** for personal automobile insurance. Insurers must file and obtain approval for all base rates, rating variables, rating rules, predictive models, and supporting actuarial justification before charging consumers. Any insurer-initiated premium change requires a formal rate filing subject to review by the Nevada Division of Insurance (NVDOI), which evaluates whether or not proposed rates are excessive, inadequate, or unfairly discriminatory, and whether filings comply with Nevada law and documentation requirements.

Because each insurer uses its own rating plan and variables, **aggregate market-wide rate changes are difficult to measure** outside of standardized sources such as the National Association of Insurance Commissioners (NAIC). NAIC data show that Nevada's **combined average personal automobile premium increased sharply in 2023 (+13.17%)**, following relatively modest changes from 2019–2022. This increase reflects inflationary pressures that began in 2022 and earlier, as insurers' rate responses lag underlying cost trends. While rate increases moderated somewhat in 2025 as insurers restored profitability, automobile insurance costs remain sensitive to ongoing economic volatility.

Nevada's relatively high automobile insurance premiums are driven by a combination of **structural, economic, and behavioral factors**, many of which are national in scope but are amplified locally—particularly in Southern Nevada.

Las Vegas has long had the highest automobile insurance costs in the state due to higher accident frequency, severity, theft, and fraud. Insurers account for this through territorial rating, meaning that localized cost drivers generally affect Las Vegas premiums rather than the entire

state. When cost pressures occur statewide, however, insurers may seek base-rate increases applicable to all Nevada policyholders, subject to NVDOI review.

Several **key cost drivers** have materially increased insurer losses in recent years:

- **Supply-chain disruptions**, beginning during the COVID-19 pandemic and continuing amid geopolitical instability, have caused persistent shortages of vehicle parts.
- **Vehicle repair costs** have risen sharply due to parts shortages, labor shortages among mechanics and claims staff, longer repair times, increased rental reimbursement payments, and the higher cost of repairing advanced vehicle technology and safety systems.
- **Riskier driving behaviors**, including speeding and distracted driving, increased during the pandemic and have persisted, contributing to higher accident frequency and severity statewide.
- **Medical care costs** continue to rise due to staffing shortages and longer treatment timelines, increasing bodily injury claim severity.
- **Automobile insurance fraud**, while difficult to quantify, remains a notable cost driver, particularly in Southern Nevada.
- **Vehicle thefts**, especially involving certain Kia and Hyundai models lacking immobilizers, surged beginning in 2022 and significantly increased Comprehensive coverage losses.

Although broader economic inflation moderated in late 2023 and 2024, **insurance rate indications lag inflation**, as insurers rely on multi-year historical data. As a result, elevated loss costs remain embedded in rate calculations for several years.

Through its prior-approval authority, the NVDOI continues to rigorously review rate filings to ensure that any premium increases are supported by credible, Nevada-specific data and that consumers are charged rates that reflect actual insurance costs without being excessive or unfairly discriminatory.

The Impact of Las Vegas

The experience of Las Vegas is the reason why Nevada automobile insurance premiums have been higher on average for a long time, compared to surrounding Western states. However, recent insurer rate increases appear to be driven by global phenomena (e.g., supply-chain issues, increases in repair costs, driving behaviors throughout the country) rather than phenomena specific to Las Vegas.

Las Vegas is consistently the most expensive area of Nevada for automobile insurance.

However, insurers do include territory as a rating variable, so trends that *only* occur in Las Vegas are unlikely to impact the rest of Nevada.

If a particular cause of higher loss experience only occurs in the Las Vegas area, then insurers are likely to increase the territorial rating factors for Las Vegas.

If a phenomenon that causes higher frequency or severity of accidents only occurs in Las Vegas, then it would not be actuarially justified to increase premiums for other residents of Nevada as a result.

However, if a particular cause of higher loss experience occurs throughout Nevada, then insurers would likely increase the base rates that apply to all of Nevada.

To verify that the above happens in a manner that is not unfairly discriminatory, it is necessary for the NVDOI to review insurers' rate filings and make sure that any proposal is justified by relevant, recent, Nevada-specific data.

The issues causing Average Premium to be higher in the Las Vegas area are not new. Higher traffic density (significantly so), a large fraction of out-of-state drivers, gaming-related tourism, and "24-7" driving patterns are among the influences which have led the Las Vegas area to have relatively higher premiums for decades.

Thus, average Nevada premiums have been consistently higher than premiums for surrounding Western states for a long time. If Las Vegas is taken out of the scope of consideration, premiums for the rest of Nevada are actually comparable to those of the surrounding Western states. In many cases, Las Vegas premiums may be approximately twice as high as premiums in the rest of Nevada.