Association of British Insurers

MOTOR INSURANCE FOR YOUNG DRIVERS

FREQUENTLY ASKED QUESTIONS

Why is motor insurance for young drivers so expensive compared to other drivers?

The cost of any type of insurance has to reflect the risk. The greater the risk of a claim being made the higher the premium. The evidence shows that, sadly, young drivers are much more at risk on our roads.
-17-20 year old male drivers are nearly ten times more likely to be killed or seriously injured on the roads than more experienced drivers.
-Eight out of ten accidental deaths involving 15-19 year old males occur on the road.
-The crash risk for young drivers rises threefold when carrying three or more passengers
This increased risk means that young drivers between aged 17-20 are twice as likely to make an insurance claim than other drivers and, on average, their claim costs will be three times higher.

How can it be right that the cost of motor insurance for a young driver is often more than the value of the vehicle?

The biggest cost for an insurer is not repairing or replacing the vehicle, but the potentially huge amounts they would have to pay out for injuries to another person or damage to their property where their policyholder was at fault. One insurer, over three years, identified 27 claims involving young drivers each involving personal injury claims of between £1 - £5 million.

Are not insurers labelling all young drivers as 'boy racers', when most drive responsibly?

Most accidents involving young drivers are caused by driver inexperience – it is a contributory factor in approximately one-third of accidents involving young drivers. Insurers appreciate that many young drivers drive responsibly, but dangerous driving is more likely among younger drivers – young male drivers drive on average 11% faster than other male drivers, committing more Highway Code violations per mile driven.

What is wrong with a parent insuring the young person's car in their name, and adding them as a named driver to cut the cost of cover?

'Fronting' as it is known is fraud, and if discovered, as it often is, could lead to the policy being invalid and the customer being liable for all costs arising from any claim. It could also lead to a criminal conviction, and will make future insurance harder obtain and more expensive.

Why will some insurers offer cover to young drivers and others not?

The motor insurance market is highly competitive. Insurers are able to choose to specialise in certain customer groups. This choice is important to enable insurers to design new products which best meet the needs of their target group. This does not mean that high-risk

groups, such as young drivers, have limited choice: research commissioned by the Government in 2009 found that there was significant choice for all ages, with one comparison website returning over thirty different policies for drivers aged under 21.

Is not the cost of motor insurance encouraging some young drivers to drive uninsured?

There can never be any excuse for driving without insurance - it is a crime which the police take very seriously. Uninsured drivers are more likely to get caught than ever before, and face prosecution and the loss of their vehicle. A conviction for driving without insurance will make motor insurance difficult to obtain and much more expensive in the future.

What steps can young drivers take to keep the cost of motor insurance down possible?

Following these steps will help cut the cost of cover:
-Drive a car in a low insurance group. Before buying a car check the insurance costs. The less powerful the car, the lower the insurance group rating and lower the premium is likely to be (details of the insurance rating groups are on: www.thatcham.org).
-Consider taking an advanced driving course, such as Pass Plus (see below) after you have passed your driving test, as some insurers may offer premiums discounts if you do.
-Always drive safely to reduce the risk of an accident. Claims-free driving means you can build up a no claims discount and see you premiums fall the more driving experience you gain.
-Shop around. Even for young drivers, the availability and cost of cover will vary between insurers – see below.

Does Pass Plus make any difference to the cost of cover?

Pass Plus is a course of driving lessons taken after passing the driving test, in conditions such a motorway driving and in bad weather . Once the course is completed (there is no test), some insurers may offer premium discounts.
Our research has shown that while Pass Plus drivers do have marginally lower accident rates, the difference is very small and not significant.

How can young get the best possible insurance deal?

Shopping around between different insurers, using an insurance broker, and possibly checking some insurance price comparison websites will get you the best deal on offer. You may find better deals by phoning insurers and brokers directly rather than searching online.

What is the ABI doing to help young drivers get affordable motor insurance?

If we can reduce the high accident risk for young drivers, then the cost of motor insurance will fall. So we are campaigning for the Government to introduce:
- A minimum one-year learning period for all drivers. The more supervised driving experience a young person can build up – especially in difficult driving conditions,

such as at night or in bad weather – before they sit their driving test the better equipped they will be to deal with driving, especially as inexperience is the biggest danger to any newly qualified driver.

- Passenger restrictions. The accident risk for young drivers rises sharply when they carry passengers. So we would like to see newly-qualified drivers aged under 20 limited to carrying no more than one passenger under age 20 during their first six months of driving.

- Education to encourage safer driving. While many young people drive responsibly, too many do not. More information needs to be available to help young people drive responsibly.

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