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RAC calls for young drivers to be exempt from paying IPT

The RAC is calling on the Government to make young driver telematics 'black box' car insurance policies exempt from Insurance Premium Tax.

The policies, which encourage young people to drive more safely, have proved popular as they can reduce young driver premiums which are among the highest of all age groups.

RAC Insurance director Mark Godfrey said: "Young drivers tell us that the cost of insurance is by far the biggest barrier to them owning and running a car after passing their test. And, with the Government due to increase Insurance Premium Tax to 10% from 1 October, having already recently put it up to 9.5% from 6%, the cost of insuring a car for young drivers will become even more expensive.

"From October a typical young driver insurance policy costing £1,500 before tax will have to have £150 in IPT added to it. Insurance for young drivers is priced according to the greater risk they present, a point which official accident statistics sadly show very clearly.

"We all share the responsibility of making driving safer, especially for young drivers. This is why the RAC, like many other insurance companies, is heavily promoting 'black box' telematics policies as they encourage and reward better driving behaviour by monitoring factors that are proven to cause accidents such as speed, acceleration and braking.

"If the Government is not prepared to exempt young drivers from IPT they should at least consider applying a lower rate to young drivers with telematics policies which would lessen their overall insurance costs."

In an effort to understand the costs faced by young drivers the RAC carried out research into the issue. Its survey found 62% of young drivers¹ felt the cost of insurance was the biggest barrier to owning and running a car as opposed to 22% who felt it was buying a car and 12% who cited day-to-day running costs.

Young drivers aged 25 and under pay an average of £810² a year for their insurance with 18 to 20-year-olds paying £972² a year. The insurance premium tax (IPT) rise will take their next renewals to £838 and £1,006 – increases of £28 and £34 respectively.

RAC Insurance director Mark Godfrey added: “The cost of motoring is always a major bugbear for motorists, but while fuel prices are currently lower, insurance premiums are unfortunately going up faster than they have in the last five years. This is as a result of two things firstly the costs of accidents are increasing and the previous 3.5% increase in IPT and with another 0.5% being added in November this will only worsen the situation.

“We should all be concerned that this could easily lead to more people failing to take out adequate insurance which, of course, is a mandatory requirement for driving on the UK’s roads. We really do not want to see the number of uninsured drivers, which is estimated by the Motor Insurers’ Bureau to be in the region of one million, increasing further.”

Notes to Editors

¹ Research carried out on behalf of RAC Insurance by ICM Unlimited with 500 17 to 24-year-olds – 150 learner drivers and 350 qualified drivers.

² Association of British Insurers age data, 2 July 2015

About the RAC

With more than eight million members, the RAC is one of the UK’s most progressive motoring organisations, providing services for both private and business motorists. Whether it’s roadside assistance, insurance, buying a used car, vehicle inspections and checks, legal services or up-to-the-minute traffic

and travel information – the RAC offers a solution for all motoring needs. The RAC is committed to making motoring easier, safer, more affordable and more enjoyable for drivers and road users.

The RAC is the motorist's champion and campaigns to support the interests of its members and UK motorists at a national level, including advancing levels of road safety, supporting the needs of young drivers and voicing concerns about the increasing cost of motoring. The RAC's annual [Report on Motoring](#) – first published in 1989 – provides a clear insight into the concerns and issues facing today's motorists.

For the very latest news on UK fuel prices, check [RAC Fuel Watch](#) or follow [#racfuelwatch on Twitter](#). This is a comprehensive guide to the latest UK unleaded petrol and diesel prices – both at the wholesale level and at the pump. RAC Fuel Watch analyses how prices changed through the previous month and compares the most recent prices with those from three, six and 12 months before.

Key facts:

- RAC patrols fix four out of five vehicles at the roadside and on average within 30 minutes
- RAC vans carry more than 500 parts and tools to get members' vehicles going again
- 92% of members would recommend RAC Rescue to their friends and family

Contacts



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