



Sep 29, 2016 00:01 BST

## **RAC Report on Motoring finds car insurance to be the biggest cost concern for motorists**

**The price of car insurance has been named by drivers as the motoring cost that has increased the most in the past 12 months and their number-one cost-of-motoring concern, research for the RAC Report on Motoring 2016\* has revealed.**

Almost half (46%) of the 1,714 motorists surveyed for the report – now in its 28<sup>th</sup> year – said their insurance costs have increased since last year compared with 34% who said the same in 2015. This is borne out by industry data\*\*,

which shows the average premium rose by 14% in the 12 months to March 2016, from £590 to £671 per year.

The cost of car maintenance bills was deemed to have suffered the second biggest rise in the last year with 41% of motorists saying they had experienced increased maintenance costs, a slightly smaller proportion than in 2015 (41% versus 44%).

Expenditure on fuel – generally the biggest contributor to annual motoring costs – was said by only three in 10 (30%) to have gone up, presumably as a result of people driving more as fuel prices are lower than last year. This was similar to motorists' perceptions about the cost of taxing their vehicles which 57% said had not changed in the past year, but with 29% saying it had risen – exactly the same proportion as in 2015.

According to RAC Fuel Watch data there were falls in petrol and diesel prices in 2015 and in the early months of 2016 which have resulted in lowering vehicle running costs for most motorists. This explains why only 7% of drivers listed fuel prices as their top concern in this year's Report on Motoring, down from 10% 12 months ago, and considerably down from 2014 when it was the top concern for 21%.

Insurance price rises, however, were of greater financial concern for motorists' with 8% listing insurance bills as their top motoring concern in 2016, compared with just 5% last year. In fact, when asked to identify their top motoring concern, the cost of insurance came out third in the ranking, behind only the condition of local roads (14%) and drivers using handheld phones (13%). And significantly, around a quarter of motorists (26%) say insurance prices are one of their four most serious concerns this year compared to only 18% in 2015.

A number of factors have helped to push up insurance costs including the decision by the Government to increase the rate of Insurance Premium Tax (IPT) to 9.5% from 6% last autumn, and then to 10% in the March 2016 Budget. This second increase is due to kick in this Saturday, 1st October.

The other factors that have led to a rise in average premiums are: the increasing amount of low-value personal injury claims; a growing number of claims due to the fact people are driving more because of low fuel prices; and the increasing cost of accidental damage repairs as a result of cars becoming

ever more complex.

RAC Insurance director Mark Godfrey said: “The cost of insurance has never ranked as highly among motorists’ concerns in previous years’ research for the Report on Motoring as it has this year, and neither has it featured as prominently in motorists’ assessment of increased motoring costs.

“Sadly, a variety of factors are causing premiums to go up, from a higher volume of claims due to more miles being driven to more expensive repair costs. Repair bills are higher due to the ever-increasing complexity of vehicles meaning, for example, that a dent to a bumper, which a few years ago would have been simple and cheap to repair or replace, is now often far more expensive as the bumper incorporates parking sensors.

“The issue of spurious whiplash personal injury claims unfortunately continues to add cost to premiums. The Government announced proposals to tackle this issue in last year’s Autumn Statement alongside the further increase in Insurance Premium Tax. We do not believe that these proposals will necessarily get to the heart of the issue and nearly ten months later we are no further forward as the promised industry consultation to address the issue has not yet begun. We need the Government to push forward on consultation to get to a concrete set of changes that will deliver a reduction in such personal injury claims.

“The Government’s decision to increase Insurance Premium Tax in both 2015 and 2016 at a time when premiums were on the rise is also noticeably impacting household budgets.

“Insurance is, quite rightly, mandatory for anyone getting behind the wheel of a vehicle so increasing IPT is really another tax, like fuel duty, and is an unwelcome addition to the already considerable contribution made by motorists to the Treasury.

“With insurance premiums currently going up faster than they have at any other time in the last five years, we don’t want annual increases in IPT to become a feature of the Chancellor’s annual Budget and Autumn Statement. We would like an assurance from the Treasury that IPT will not be increased any further.”

The RAC also believes consideration needs to be given to young people wanting to learn to drive as RAC Insurance research has found that for 62% of those under 25, the cost of insurance is the biggest barrier to owning and running a car after passing their test.

This is why 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. From November a typical young driver insurance policy costing £1,500 before tax will have to have another £150 in IPT added to it.

Mark Godfrey added: "The increasing cost of insurance will almost certainly lead to more people – of all ages – failing to insure their vehicles which would be very worrying given that the number of uninsured drivers is already estimated by the Motor Insurers' Bureau to be over one million."

---

### **Notes to Editors**

\* The RAC Report on Motoring 2016 is based on a large-scale internet survey carried out by Quadrangle on behalf of the RAC. In total, Quadrangle interviewed 1,714 British motorists (i.e. those who hold a current driving licence and drive at least once a month). The survey was conducted in May 2016, with the questionnaire taking around 25 minutes to complete.

\*\* [www.confused.com/car-insurance/price-index/overall](http://www.confused.com/car-insurance/price-index/overall)

\*\*\* Research carried out on behalf of RAC Insurance by ICM Unlimited in September 2015 with 500 17 to 24-year-olds – 150 learner drivers and 350 were qualified drivers.

### **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



### **RAC Press Office**

Press Contact

[press.office@rac.co.uk](mailto:press.office@rac.co.uk)

Emails monitored during normal office hours. For breakdown queries, call 0330 159 0740

ISDN number on request