BIBA and Young Drivers

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How bad are young drivers?

• 18 y/o 3x more likely to claim than 50 y/o
• 17-20 y/o 10x more likely than an experienced motorist to kill or injure

• Average claim cost:
  – Age 18 male £4,433
  – Age 30-59 male £1,459
  – Age 18 female £2,734
  – Age 30-59 £1,260
Telematics

• More brands than ever before are now in the telematics market
Telematics

- Year-on-year increase
  - Risen from 12,000 to 296,000

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The diagram shows the increase in the number of telematics policies from 2009 to 2013, with a significant rise from 2011 onwards.
Telematics

• Barriers were:
  – Cost of box/fit
  – ‘Big brother’ fears
  – Inconvenience
  – Potential cost of changing car
  – Aviva pulled out from the market (2008)
Barriers broken down
Telematics

• Barriers broken down
  – Hardware now cheaper
  – Speed of install (Halfords fit in 10 minutes)
  – Less resistance to ‘Big brother’
  – Boxes now often free to customers
  – New Smartphone apps
  – Aviva now back in the market
Telematics

• Market now positive:
  – GPS data 99% accurate
  – New broker product with software houses
  – Main beneficiaries are the young/old
Telematics

• Telematics monitors a driver’s:
  – Speed
  – Acceleration/Deceleration
  – Cornering/G-forces
  – Time of journey
  – Familiarity of route/type of road
  – Mileage
Telematics

• Benefits:
  – Safer driving behaviour
  – Track stolen vehicles
  – Locate people in an accident
  – Lower fuel consumption through smoother driving
  – Good risk management for parents
  – Fewer insurance claims
  – CHEAPER INSURANCE PREMIUMS
Young Driver Training

• Pass plus in need of updating

• Lower learning age

• Classroom element:
  – Attitude
  – Awareness
  – Hazard perception
Extending signposting

• Helped 100,000+ older motorists/holiday makers

• Insurers are able to rate on age and can decline or offer extremely high premiums

• Some insurers uncompetitive in young driver market
After teen is quoted £24k to insure his old Volvo, second young driver told to stump up £32,000 to cover his Corsa

By DAILY MAIL REPORTER
UPDATED: 11:29, 23 March 2011

When Daniel Grey was told it would cost £24,000 to insure his 12-year-old Volvo, he assumed it was the highest quote in the country.

Jake, 17, bought a six-year-old Vauxhall Corsa for £3,000 after he passed his test earlier this month.

Stunned, Jake Roddis, 17, said he expected online insurance quotes to reach a couple of thousand pounds. Instead he received a headline figure of £32,819 from the AA.

Jake's cheapest fully-comprehensive quote was almost £6,000, twice the car's value. The second most expensive quote was £21,000.
Extending signposting

• Young drivers between 21-29 years old make up 34% of uninsured drivers (Source: MIB)
Extending signposting

Financial Secretary to the Treasury, Sajid Javid MP:

“We look forward to working with BIBA and the insurance industry to ensure that signposting continues to be successful and will seek opportunities for similar agreements for other types of cover.”
Dashboard cameras

• Provides evidence
• More responsible driving behaviour
• Some brokers offer 10% premium discount
Average quotes for additional teenage drivers

• 50 year old female policyholder driving a Toyota Yaris in Essex

• Having a second car made no difference because of the risk of fronting
  – 50 year old, no children £248
  – 50 year old + 17 year old provisional licence holder £1,131 + 456%
  – 50 year old + 18 year old full UK licence holder £1,733 + 699%
Summary

• Increase in use of telematics
• Signposting
• Training
• Dashboard cameras
• Safer roads and cheaper premiums