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Half of drivers say they're paying too much for insurance given how little they've been driving

Half of drivers (51%) believe they are paying too much for car insurance given how little they have been driving since the pandemic, with a similar proportion (50%) unable to switch to a cheaper policy without getting charged, research for [RAC Pay by Mile Insurance](#) has found.*

With Covid-19 having heavily impacted the distances if not the frequency of trips taken by car, the survey of 2,100 drivers suggests many are starting to

question whether they are being charged a fair price for their insurance – something that's only set to get worse given more than a quarter (27%) expect to drive less in the future than they did before the pandemic.

New government data from MOT tests** also suggests a trend towards many motorists driving fewer miles a year, which began several years ago, has been dramatically exacerbated by the pandemic. Between 2017 and 2020 the number of cars driven fewer than 6,000 miles between annual MOTs rose by an estimated average of 6% a year, but in the 12 months to the end of February 2021 this accelerated by a huge 35% compared to the same period in 2020. Separate government data shows that in 2019 drivers covered 20% fewer miles than two decades ago.***

Of those motorists who feel they are now paying too much for their insurance given they are driving so much less, 50% know they would get charged if they cancelled their current policies in seek of a better deal elsewhere – highlighting the inflexibility of many conventional car insurance policies at a time when travel behaviours are changing drastically. A tiny proportion of drivers – just 3% - knew they could cancel their current policies without incurring an exit fee.

The RAC research also found that many drivers are likely to be paying more for their insurance than they need to, as half (51%) say they have driven fewer miles than they told their insurer when they bought or renewed their car insurance policy. This might well be because drivers find it hard to predict their annual mileage when asked by an insurer, something 54% of respondents agreed with.

And even before the pandemic, four-in-10 drivers (42%) were dissatisfied with how much they had been paying for car insurance in relation to the number of miles they had driven.

RAC head of insurance development Laura Truman said:

“While it remains to be seen how our driving habits change as a result of the pandemic, it seems fair to presume that many of us won't go back to driving the sort of miles we used to – especially if a degree of home-working becomes the norm. But even without the impact of Covid-19, it's clear the number of cars covering fewer than 6,000 miles a year has been going up in recent years.

“This shift is clearly prompting drivers to question whether the cost of their car insurance is reasonable. This might partly be because in so many cases motorists are forced to lock themselves into annual insurance contracts, the price of which is partly determined by the policyholder’s estimate of how many miles they’ll cover in a year. This is something we know drivers found difficult to estimate before the pandemic but considering all the uncertainty surrounding people’s future travel needs it must now be even harder.

“It’s this inflexibility, together with the increase in the number of lower mileage drivers, that were the triggers for creating our new Pay by Mile insurance product. We’ve turned the conventional concept of car insurance on its head – rather than basing the cost on, at best, an educated guess as to the number of miles a driver thinks they’ll do in a year, they’re simply charged for the number of miles they actually drive every month – plus a small premium to cover the time their car is parked.

“What’s more, if a driver finds themselves covering fewer miles, then their monthly premium reduces accordingly. And if they find themselves doing far more miles, they could switch to a standard annual insurance policy without incurring a cancellation fee.”

In summary: Pay by Mile, from RAC Car Insurance

The new product offers a range of features that makes it radically different from other standard car insurance models, including:

Simple pricing. After paying an initial one-off £50 activation fee, the premium is made up of two parts: the Parked Premium – this is a set charge paid at the beginning of each month to insure the vehicle whilst it’s not being used, and the Mileage Premium – a small per-mile charge for insuring the car while it’s being driven, which is paid at the end of each month

A true monthly subscription – no fees for amending a policy, and customers are free to cancel at any time without being charged No credit agreement – pay monthly at no extra cost Management of policy securely online or via the Pay by Mile app No tricky devices to plug in, and no tracking of driver behaviour – customers just stick the Pay by Mile ‘drive tag’ to their windscreen, pair it with their smartphone, and their miles are recordedFor more information and to get a quote, visitwww.rac.co.uk/insurance/pay-by-mile.

Notes to Editors

* RAC survey of 2,100 UK drivers

** RAC FOI request sent to the Driver and Vehicle Standards Agency (DVSA). Indicative data only. Mileages compared based on only calculating the mileage difference when the MOT current test is between 31 days prior to the expiry date, up to the expiry date, plus, annualising the mileage, to give an average of 500 miles per month. In addition, where the six-month extension was given to test expiries between 30th March to 31st August 2020, allowing for tests falling between 183 days prior to expiry, up to the actual expiry.

*** Source: National Travel Survey, data last updated 5 August 2020. 2002: total annual car mileage 9,200 miles. Equivalent for 2019: 7,400 miles

The press office email address is press.enquiries@rac.co.uk. **Please note:** the press office is unable to help with individual customer enquiries - please visit the [RAC contacts page](#) to find the right contact.

ISDN radio studio facilities are available for interviews Monday to Friday.

About the RAC

The RAC provides complete peace of mind to 12m UK private and business drivers, whatever their motoring needs. Its services include:

- **Breakdown assistance.** Its highly-skilled, 1,600-strong branded patrol workforce attends more than two million breakdowns every year, fixing on average four out of five vehicles at the roadside. The RAC's patrol fleet is one of the most advanced in the UK, and was the first to roll out both an [All-Wheels-Up recovery system](#), allowing the vast majority of vehicles to be recovered from a single patrol van, and [EV Boost](#) mobile electric vehicle charging units
- **Insurance.** The RAC is a top-five [car insurance](#) broker having surpassed the 500,000 policies-in-force milestone in 2018. It also offers '[black box telematics policies](#)', as well as home and travel insurance

- **Other motoring services.** The RAC leads in the development of new solutions for business, fleets, electric vehicles and future car technology. Its additional products and services include a [personal loans offering](#), a [used car buying website](#), [vehicle inspections and checks](#), [legal services](#) or up-to-the-minute [traffic and travel information](#). It also has a network of [Approved Dealers](#) and [Approved Garages](#) which combine the trust of RAC brand with local service and convenience

The RAC also works to support the interests of its members and UK drivers on the most important motoring issues which it identifies via the annual [RAC Report on Motoring](#) and the RAC Opinion Panel. The Report on Motoring is the longest running analysis of driver opinion in the UK having been published every year since 1989.

For more information about the RAC, visit the [RAC website](#).

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