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## Over half of young drivers underestimate the cost of their first car insurance policy

More than half of young drivers do not budget enough money to pay for their insurance in their first year of driving, new RAC research reveals.

Fifty-six per cent of the 500 young drivers\* surveyed for RAC Black Box Car Insurance expected their first premium to be under £750 when the average insurance cost for 25-year-olds and under is in fact £810\*\* a year.

Average young driver policy costs show 18 to 20-year-olds pay the most at £972\*\* a year, which is in stark contrast to the average UK private car driver premium of £367.\*\*

Insurance is seen as the greatest barrier to owning and running a car with 62% of those questioned saying this was the case, as opposed to 22% who felt it was buying a car and 12% who cited day-to-day running costs.

The RAC research showed 17% of young motorists budget £750 to £999 for annual insurance, in line with the £810 UK average cost of a young driver policy. Fifteen percent opted for £1,000 to £1,500, one in 10 (9%) £1,500 to £2,000 and just 5% planned on their insurance costing them more than £2,000.

In terms of arranging insurance in the first year of driving, mum and dad came to the rescue as half (51%) said they had help from their parents. Four in 10 (43%) paid their premium in one go with a similar percentage (44%) opting for monthly payments.

RAC Insurance director Mark Godfrey said: "The cost of car insurance for

young and new drivers is unquestionably high due to the high cost of claims, and unfortunately we expect it to increase over the next few years which will make it even harder for young drivers to get motoring.

“But it doesn’t have to be that way with a ‘black box’ policy which allows new drivers to prove how safe they are. The beauty of telematics is that it is fairer for young drivers as, rather than simply rating them in line with every other young driver, they can be judged on their own driving ability and potentially earn cheaper insurance premiums and renewals as a result.

“We believe RAC Black Box Car Insurance gives every new and young driver the chance to lower their renewal premiums by demonstrating they are safe behind the wheel through the use of advanced telematics technology.

“We also know that better drivers are less likely to have an accident so RAC Black Box Car Insurance encourages safer driving and aims to reward good drivers with savings when they take a policy and lower premiums at renewal.”

RAC Black Box Car Insurance operates via a matchbox-sized telematics device which tracks speed, braking and acceleration along with where and when the policyholder drives in order to calculate how safe they are through a Driver Score. However, unlike some telematics policies there are no curfew or mileage limits so the policyholder is free to drive when, where and how far they like.

Mark Godfrey added: “We are confident RAC Black Box Car Insurance is going to be well received as 64% of the young drivers we surveyed think that having a telematics box fitted will make them drive more safely and 44% claim to be interested in taking out a ‘black box’ insurance policy.

“What’s more, two-thirds of young drivers (67%) whose parents are involved in the car insurance decision said they felt their parents would prefer them to have a telematics policy.”

RAC Black Box Car Insurance can be taken out online or over the phone and is simple and straightforward to use. The RAC telematics box takes less than an hour to fit at a time and location convenient to them and the cost of the box and fitting are automatically included in the policy premium. The telematics box also includes RAC unique accident detection technology

which allows 92% of accidents to be detected.

The policyholder can keep track of their driving performance by going to the RAC Black Box Insurance portal to look at their easy-to-understand Driver Score. There are also hints and tips for improving the score through safer and more economical driving. The Driver Score is first calculated after the policyholder's car has been driven 200 miles and is then updated every seven days after the installation date.

## Ends

### Notes to Editors:

\* 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.

\*\* [Association of British Insurers](http://www.abi.org.uk/News/News-releases/2015/07/New-ABI-data-shows-why-age-is-a-factor-in-the-price-of-car-insurance)' data via [www.abi.org.uk/News/News-releases/2015/07/New-ABI-data-shows-why-age-is-a-factor-in-the-price-of-car-insurance](http://www.abi.org.uk/News/News-releases/2015/07/New-ABI-data-shows-why-age-is-a-factor-in-the-price-of-car-insurance) – published as part of the ABI-led voluntary agreement on age and insurance with the Government and British Insurance Brokers Association (BIBA), as part of our commitment to equality.

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