

'Black box' for young drivers to control cost of their insurance

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AN estimated 2.5 million motorists – one in 15 of those on the road – are driving without insurance, and this is likely to increase in the credit crunch. One in six have admitted driving while uninsured at some point and young drivers are fast becoming an uninsurable generation.

The latest Sainsbury's Car Insurance Index of online car insurance premiums from 40 insurers last week suggested the average premium fell 3.1% in the second half of last year. However, the company warned premiums are set to rise this year because of the rising personal injury claims and associated costs.

For drivers under 25, though, premiums rose on average by 2.22%. Over the past 12 months the average cost of insurance for young drivers has risen by four times the rate of inflation, according to The Co-operative Insurance.

Figures from major insurers ranging from AA, Admiral and Asda to Tesco, Yes and Zurich show young drivers last year suffered an 11.5% increase in premiums, compared with an inflation rate of 3.1%. It took the average premium for under-25s to £1463.

The Motor Insurance Bureau, set up in 1946 to compensate victims of uninsured drivers, estimates at least two million, or 5% of all drivers, are uninsured, costing the industry more than £500m a year. However, the Association of British Insurers puts the figure at around 6.5%, or 2.5 million drivers.

"This continuing trend directly reflects the increased risk posed by young drivers," said Co-operative's Director of General Insurance David Neave. "A whole generation could become uninsurable, adding to the already growing problem in the UK."

It is working with the road safety charity Brake on the www.2young2die.org.uk campaign and offering "black box" technology to help young drivers to control the cost of their insurance. "As long as young drivers drive responsibly there is no reason why they should be priced out of the market."

Young drivers can qualify for reduced premiums by passing an online test and applying for a "pay as you drive" insurance system provided by Coverbox, launched last month. Co-operative Insurance pays for the installation of a GPS system to calculate where, when and how far the vehicle is used.

Premiums are then calculated on the individual's actual risk so young drivers can manage their premiums by managing their vehicle use. It claims to offer comprehensive premiums for as little as 1p a mile. "We are taking a big step towards tackling the problem of the uninsurable generation by providing real incentives to reduce the cost of insurance," said Neave.

Estimated monthly premiums are set up on direct debit and a rolling monthly balance is calculated, based on actual usage. Coverbox acts as a broker for Pay as You Drive Insurance so you can choose from a list of insurers.

