TIMESONLINE

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How young drivers can steer clear of sky-high insurance premiums

Affordable cover for the under-30s is hard to come by, but there are ways to cut the cost

Sky-high insurance costs are putting the brakes on many teenagers' ambitions of driving their own car. A growing number of insurers will not even provide a quote for a driver aged under 21, while those that do usually require annual premiums running into thousands of pounds for comprehensive cover.

But if young drivers feel hard done by, they should remember that the road accident statistics fully justify the caution shown by the insurance companies. Drivers aged 21 or under are ten times more likely to be killed or seriously injured than those aged 35 or over.

When a young male driver has an accident, the average claim works out at £4,200, compared with only £2,200 for males of all ages. This is because younger drivers tend to have more people in their cars, so there will be a greater possibility of multiple claims for compensation.

The problems faced by teenage drivers in securing cover have become so acute that Simon Douglas, director of AA Insurance, recently issued a plea to fellow insurers to do more to assist young motorists who were making an effort to improve their driving safety.
So what can be done to bring down the costs of car insurance for young drivers? Ian Crowd
er, of the AA, says: One obvious step is to go for a car that has a low insurance rating.
The Parkers website has a list of cars that fall into Group 1 the lowest and cheapest insurance category.
Among the cars that fit the bill are the Citroën C2,
Fiat Panda, Ford Ka and Vauxhall Corsa. They may not be the most glamorous vehicles on the block, but they will do less damage to your bank balance than flashier models.
Malcom Tarling, of the Association of British Insurers, the trade body, says: “With cheaper and older cars you may find that you can save additional money by opting for third party, fire and theft, rather than comprehensive cover.

“Some older cars have a very modest write-off value, which may not be worth the much higher premiums that comprehensive cover would entail. Sometimes the annual premium for comprehensive cover can be several times the write-off value. However, even third-party cover will be pretty expensive for this age group, as insurers are worried about the risk of them crashing and injuring someone else.”

Another way to reduce premiums is to complete the Pass Plus course, administered by the Driving Standards Agency. These packages of six supervised driving sessions, costing about £120 to £180, are designed to give drivers who have recently passed their test some experience of a wider variety of motoring conditions. These would typically include motorway driving, night driving, driving in wet weather and routes through both town and country.

Some insurers, including Churchill, More Than and Aviva, offer discounts of between 15 per cent and 35 per cent for people who have taken the Pass Plus course. In addition to the likely benefits in terms of reduced premiums, the course should build a driver’s road skills and reduce the chances of being involved in an accident.

This summer the AA started a similar programme to help to reduce the level of teenage road accidents. Its Drive Smart training courses are aimed at young drivers most at risk

— those who have passed their test in the past year and have had accidents or points on their licence. The course involves two hour-long training sessions with a qualified AA instructor and is paid for by a charitable trust.

One radical new approach that could appeal to a number of young drivers is the pay-as-you-go scheme being run by Coverbox. It allows drivers to take out comprehensive cover paid for by the mile, with the price varying according to the time of day. The driver's mileage is monitored by a "black box" that is fitted to the car and records how many miles are driven and at what times. Drivers can log on to a personal website to see precisely how many miles they have been driving and the cost of those miles.

There is a heavier charge for the rush hour (Mondays to Fridays, 7.30am-9.30am and 4.30pm-6pm). Drivers under 23 then face an additional "super-peak" charge if they get behind the wheel between 11pm and 5am on Fridays, Saturdays and Sundays, as well as public holidays. Customers taking out a Coverbox policy pay an annual premium based on their expected mileage, which is adjusted at the end of each year to reflect the actual total driven.

At first glance this may not seem to help young drivers, as they could face heavier charges than anyone else. But the point, says Iain Macaulay, of Coverbox, is that these drivers can monitor their driving and bring down their premiums by avoiding times when there are heavy charges. Some youthful drivers have cut the cost of their cover dramatically by avoiding late-night driving at weekends.

Another advantage is that teenagers planning a night out on four wheels can work out what the insurance will cost. Mr Macaulay says: "This has led to groups of youngsters clubbing together to pay the insurance, as well as the petrol, for a journey. They can monitor the mileage charge on the internet using their mobile phones."

Another piece of piece of good news for those using Coverbox is that they obtain a free theft-tracking device that would otherwise cost about £200.

One cost-cutting tactic that definitely should not be tried is the practice known as "fronting". This is where a parent insures a car as the principal driver, with a child put on the policy as a named driver, even though the child is, in reality, the principal driver. Mr Crowder says: "This is illegal and the insurance industry treats it as fraud."

However, he adds that a slightly different approach is not only acceptable but could secure young drivers a discount on their premiums. This is where the driver takes out a policy in his or her own name but adds an older and more experienced driver, such as a parent, as a named driver. Mr Crowder says: "Insurers tend to have fewer claims with such policies and may lower their premiums to reflect this."

Finally, Mr Crowder says, youthful motorists should consider reducing their mileage and keeping their car off the street at night. Lowering the annual mileage from 20,000 miles to 4,000 miles, for example, can cut the premium by up to 5 per cent, while parking a car in a locked garage rather than on the street can chop as much as 30 per cent off the cost of cover.

Case study

Alex Crooks (above) jumped at the chance of Coverbox's pay-as-you-drive insurance because he was fed up with paying high premiums for a car in which he did very low mileage.

Alex, a 22-year-old web developer from Portsmouth, says: "I was getting quotes of £1,000 for annual comprehensive cover on my Ford Fiesta, even though I didn't drive much. With my new policy I pay only for the miles that I actually do."

He also likes the online "dashboard" that allows him to monitor his car usage and precisely what it costs. As a result he has altered his driving habits radically. "I have completely cut out driving after 11pm at weekends and started walking for short journeys."

His first annual premium with Coverbox was £500 — already £80 cheaper than his previous insurer. But with the changes he has made to his driving habits, Alex expects that his actual mileage will turn out to be much lower than the estimate he made when signing up two months ago. As a result he should be in for a substantial refund at the end of the year.

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