Insurers Have Passed On £1.1billion Savings To Motorists But Climbing Personal Injury Claims Are Pushing Premiums Higher

Thursday 30 July, 2015

The average price paid by motorists for an annual comprehensive motor insurance policy rose by 2.1% in the second quarter of 2015 compared with the previous quarter, according to figures released today by the Association of British Insurers (ABI). The ABI's Quarterly Average Private Comprehensive Motor Insurance Premium Tracker shows an average premium of £367 for the three months of April, May and June, up from £359.

The year-on-year increase compared with the second quarter of 2014, when the average premium was £356, is 2.9%.

Average premiums remain lower than they were in the second quarter of 2013 (£377) when the Government introduced reforms to the civil justice system including a reduction in fixed legal fees for personal injury claims. Since those reforms were introduced, insurers have passed £1.1billion of savings onto motorists.

Data from the Claims Portal shows the number of personal injury claims related to road accidents was 12% higher for the year ending April 2015 compared with the previous 12 months.

Rob Cummings, the ABI's Manager for General Insurance, said;

"Motorists have seen a solid two years of lower insurance premiums as a result of market trends and in the wake of the Government's reforms to tackle frivolous personal injury claims, and over a billion pounds' worth of savings have been passed on to customers.

"With pressure on premiums increasing however, it's important the Government continues its work to tackle the compensation culture and attack the high cost and number of whiplash claims. With this in mind, we welcome the Government's announcement of a review of the activities of Claims Management Companies in the last Budget.

"UK drivers benefit from one of the most competitive motor insurance markets in the world. But with pressure on claims costs and an increase in insurance premium tax adding an additional £12.80 to the cost of the average policy from November, other factors are starting to put up costs. This makes action against Claims Management Companies and tackling whiplash claims a key priority."

– Ends –

Notes for Editors

These figures only include domestic (personal) motor policies. Vans, motorcycles, caravans and any commercial business are excluded. Insurance Premium Tax and optional add-ons such as breakdown cover and legal expenses are excluded from these figures. No Claims Discount Protection is included where it is part of a policy.

The ABI's figures represent around 90% of the UK general insurance company market.

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1. The Association of British Insurers is the leading trade association for insurers and providers of long term savings. Our 250 members include most household names and specialist providers who contribute £12bn in taxes and manage investments of £1.8trillion.

The ABI's role is to:

- Be the voice of the UK insurance industry, leading debate and speaking up for insurers.
- Represent the UK insurance industry to government, regulators and policy makers in the UK, EU

and internationally, driving effective public policy and regulation.
- Advocate high standards of customer service within the industry and provide useful information to the public about insurance.
- Promote the benefits of insurance to the government, regulators, policy makers and the public.

The UK insurance industry is the third largest in the world and the largest in Europe. It is a vital part of the UK economy, managing investments amounting to 25% of the UK's net worth and contributing the fourth highest corporation tax of any sector. Employing around 315,000 people in the UK alone, the insurance industry is also one of this country's major exporters, with 28% of its net premium income coming from overseas business.

Insurance and businesses protect themselves against the everyday risks they face, enabling people to own their own homes, travel overseas, provide for a financially secure future and run businesses. Insurance underpins a healthy and prosperous society, enabling businesses and individuals to thrive, safe in the knowledge that problems can be handled and risks carefully managed. Every day, our members pay out £147 million in benefits to pensioners and long-term savers as well as £60 million in general insurance claims.

1. An ISDN line is available for broadcast
2. More news and information from the ABI is available on our web site, www.abi.org.uk.

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