



Older drivers hit by age discrimination?

Our research suggests certain age groups are paying substantially over the odds for car insurance compared with the cost of their claims. We challenge the industry to explain

AT A GLANCE

- ▶ Find out whether you might be paying too much for cover
- ▶ Discover the cheapest insurers for your age group
- ▶ How to cut your premium

The theory behind car insurance is that your premium reflects your risk. Teenage drivers pay the most because their claims add up to the most.

But we've uncovered evidence that suggests average premiums paid by certain older age groups are totally out of proportion to their risk.

Among the age groups we examined, those aged 66 to 70 were worst hit – paying about 75% more in premiums than their insurer pays out in claims per policy for all policies in that age group. By comparison, the level for a 31 to 35 year old is 47%.

We've also analysed average premiums by age for 43 of the biggest car insurers to give you a shortcut to the best deals. We found some unexpected results – see p56. We also share some tips for even more ways to save.

MEMBER VIEW

PREMIUM WENT UP BY 173%

Dave Clegg, Huddersfield

When it came to renewing his car insurance with Tesco Bank, Dave Clegg faced an enormous hike of 173% to his premium after he turned 78 this year.

Dave said Tesco Bank wouldn't tell him the reason for the increase, but he is adamant that nothing had changed except his age.

Last year, Dave paid £380 for comprehensive cover for his Berlingo 1.6 HDi. He was

shocked to get this year's renewal letter quoting him £1,038.

Tesco Bank denied that Dave's age was the reason behind the substantial premium increase, but refused to give a specific reason for why it had increased.



PHOTOGRAPHY: NIGEL HILLIER ILLUSTRATION: DEREK BACON

What you pay vs your risk

The table below shows the industry's own data for the average premium that someone in a particular age group pays for their car insurance. It also shows the average cost of a claim per policy for all policies for that age group, as well as the percentage of claims

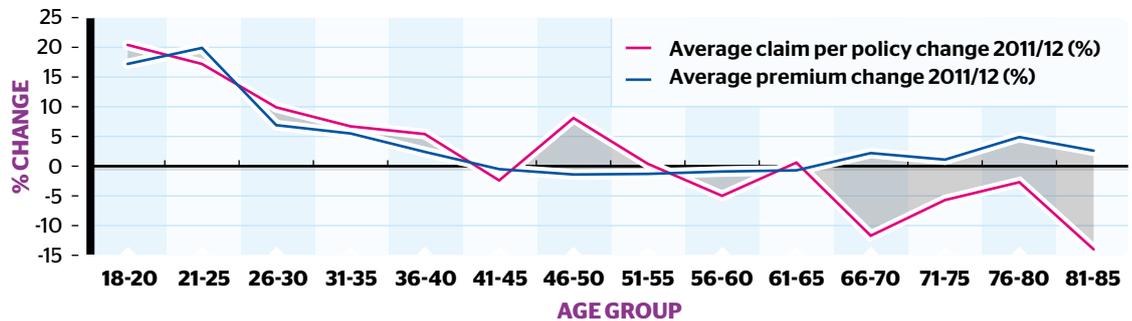
made for that age group. The bottom row shows the percentage difference between the average premium paid and the amount that insurers paid out in claims, averaged across all policies in that age group.

Age of policyholder	18-20	21-25	26-30	31-35	36-40	41-45	46-50	51-55	56-60	61-65	66-70	71-75	76-80	81-85
Average premium	£1,328	£964	£663	£547	£467	£429	£415	£375	£325	£286	£279	£283	£329	£392
Average claim per policy	£889	£677	£443	£372	£317	£281	£273	£242	£210	£179	£158	£183	£213	£234
Claims frequency	19%	18%	17%	15%	14%	13%	13%	11%	10%	9%	8%	8%	8%	8%
Difference between average premium paid and average claims cost	49.4%	42.4%	49.7%	47%	47.3%	52.7%	52%	55%	54.8%	59.8%	76.6%	54.6%	54.5%	67.5%

Source: ABI 2012

Changes in premiums vs claims costs

This graph shows the change in average premiums, and the change in the average claims costs per policy for each age group between 2011 and 2012 (the most recent full-year data available). Shaded areas highlight notable gaps between the two.



Our analysis

We last investigated the relationship between driver age and premiums two years ago, and found then that many drivers aged 61 to 85 seemed to be getting inflated quotes. This time around, we've again found evidence that suggests that those between 51 and 85 are paying over the odds, with those aged 66 to 70 and 81 to 85 hardest hit.

We compared average premiums paid with average claims per policy for 14 different age groups, using data from the industry's own body, the Association of British Insurers (ABI), which covers 95% of the market. Premiums seem to be significantly out of proportion to the risk for two age groups: 66 to 70 and 81 to 85. Additionally, we found that, despite the average cost of claims falling between 2011 and 2012 (the most recent data available), the premiums for some older age groups have increased for no apparent reason. Meanwhile, for some younger age groups, the gap has narrowed between the cost of premiums and the cost of claims.

Premiums by age

We examined data covering drivers aged 18 up to age 85 (see 'What you pay vs your

risk', above). On average, for drivers aged 51 to 85, there's a bigger difference between the premium they pay and their average claims cost per policy than for those aged between 18 and 50. For example, a 66 to 70-year-old paid an average premium of £279, 76.6% more than the average cost of a claim per policy (£158).

And an 81 to 85-year-old's premium (£392) was 67.5% more than their average claims cost (£234). For someone aged 21 to 25, the average premium (£964) was only 42.4% more than their claims cost per policy (£677). Similarly, a 31 to 35-year-old's average premium (£547) was 47% more than their claims cost (£372).

Insurers are entitled to charge higher premiums for certain age groups, where this reflects a greater risk. But they need to be able to demonstrate that this is reasonable and justifiable. We don't think that the industry has adequately explained why some of the groups we've identified seem to be paying disproportionate premiums.

Is it getting worse?

When we compared data from 2011 with 2012 (see 'Changes in premiums vs claims costs',

above), we found that the average premium for certain groups of older drivers had increased, while their claims costs had decreased.

The 66 to 70 age group was worst affected, with premiums increasing 2.2% year-on-year – yet average claims costs per policy fell by 11.7%. It was a similar story for 71 to 75-year-olds. Their premiums rose 1.1%, while average claims cost decreased 5.7%. For 81 to 85-year-olds there was also a pronounced difference.

In contrast, an 18 to 20-year-old's average premium increased 17.2% while their claims cost rose 20.4%. It appears that certain older groups are effectively cross-subsidising younger drivers.

We challenged the ABI with our findings. It said that age isn't the only factor determining a person's premium, adding that insurers also take into account their claims history, address, driving experience and vehicle type. It also said there is a time delay between a claim being made and the change in premium reflecting that claim. A spokesperson added: 'The number of claims made will vary slightly each year, so individual age bands will naturally show some variation.' We believe this goes only some way towards explaining these differences. >

How to pay less

We've analysed average premiums by age for the biggest insurers, to help you find the best deals for your age group, plus highlight other ways to save

To find out which insurers have a track record of offering affordable rates for older drivers, we analysed premium quotes given directly online (not via comparison sites) by 43 of the biggest insurers. We used 3,600 different policyholder profiles per brand, across a wide range of age groups (see below). Some insurers won't quote you for various reasons – such as because of where you live – so we also looked at how many scenarios each brand failed to cover.

We've shown an average quote per brand for each age bracket where the insurer gave quotes.

If you're aged 51 to 55 or 56 to 60, Swiftcover was cheapest (average quotes were £308 in both cases). Direct Line was willing to cover more profiles in these age groups, however, and its average quotes were £392 and £393, respectively.

For 61 to 65-year-olds, Sheilas' Wheels was cheapest (£276). But again, there were quite a few



customer profiles it wouldn't cover in this age bracket. Swiftcover was the cheapest insurer which quoted more widely (£300).

The Co-operative Insurance was cheapest for 66 to 70-year-olds (£299), and it quoted more widely.

Esure was cheapest for those aged 71+ (£331). However, it failed to cover more than half the profiles in this age bracket. Swiftcover was the cheapest which quoted more widely (£363).

Esure says those it didn't quote in higher age brackets weren't necessarily declined because of their age.

Other ways to save

■ There are several ways to lower your premiums. The car you drive is a major factor, for example, and it's possible to contain insurance costs by downsizing to a smaller, cheaper car. Beware though, that some cars which appear to be outwardly similar, for example mid-sized hatchbacks, can still have very different insurance costs. It's always worth plugging the details into a comparison site or two to compare quotes before you decide which one to buy.

■ If you aren't offered a quote online, it's worth trying by phone.

■ If you're a safe driver, a 'telematics' policy can cut your premium. This entails having a 'black box' fitted to monitor your driving; the data is then used to calculate your premium.

■ Lastly, your renewal quote can almost certainly be beaten. Haggle or switch to get the best deal (our online scripts can help – see 'Find out more', below).

Should I choose a specialist provider for older drivers?

Some insurers specialise in providing cover for older drivers, such as Age UK, Rias and Saga – but this doesn't mean that they will always offer you cover.

Our data revealed that the percentage of quotes we received from Age UK and Rias was below the overall average for the four age groups we looked at between 51 and 70. Rias, for example, provided quotes for less than two thirds of the scenarios in the 51 to 55 age group. Unfortunately, we weren't able to gather comparable data for Saga.

We also found that these insurers aren't always the most competitive on price. Rias said its quotes were based on individual circumstances and that it was unable to comment on our figures without all of the underlying data for the hundreds of profiles involved.

Age UK said that 98% of people who request a quote from it receive one.

We did find that both Age UK and Rias were more likely than average to offer a quote for those aged 71 or older.

Cheapest car insurers by age group

Age group	Cheapest insurer	Average Price	Cheapest insurer with above average number of quotes for age group	Average Price	Second cheapest insurer with above average number of quotes for age group	Average Price
51-55	Swiftcover	£308	Direct Line	£392	The Co-operative Insurance	£394
56-60	Swiftcover	£308	Swiftcover	£308	Direct Line	£393
61-65	Sheilas' Wheels	£276	Swiftcover	£300	LV	£344
66-70	The Co-operative Insurance	£299	The Co-operative Insurance	£299	Swiftcover	£313
71+	Esure	£331	Swiftcover	£363	Axa	£373

Information based upon 3,600 nationally representative consumer profiles spread across all age groups. Sample sizes for older age groups (in brackets): Age 51-55 (254), 56-60 (158), 61-65 (124), 66-70 (130), 71+ (70). Those aged 71+ were grouped together due to smaller sample sizes for older age groups. We analysed car insurance premium quotes from 43 of the biggest insurers collected by a market research firm, Consumer Intelligence, in June 2014. Quotes were collected for each brand in each applicable five-year age group and averaged for each group, rounded to the nearest pound.

THE BOTTOM LINE

If one group of drivers is being charged more than another, insurers ought to provide evidence of their additional risk and ensure charges are proportionate to this. There are insurers willing to provide competitive quotes if you look carefully and use our tables, and there are other ways to limit your premium, such as driving a car that's cheaper to insure.

FIND OUT MORE

On Which.co.uk

- For our guide on over-50s car insurance: which.co.uk/over50
- Find details of our Recommended Providers at which.co.uk/wrpocarinsurance
- Tips and scripts for haggling for a better deal: which.co.uk/haggling

- For more information on telematics 'black box' insurance policies: which.co.uk/blackbox
- Do you think older drivers are being penalised? Have your say and join the conversation: which.co.uk/carage

Previous Which? articles on car insurance

- 'Why it pays to haggle for

cheaper car insurance', April 2014, p54

- 'Do older drivers pay too much?', October 2012, p66

Other useful contacts

- To find a specialist broker for your car insurance, visit the British Insurance Brokers' Association website at biba.org.uk