



Car premiums are forced up by drivers who refuse to pay

By **Olinka Koster**

THE cost of car insurance is being forced up as more uninsured drivers take to the roads.

More and more cash-strapped motorists are thought to be failing to renew policies to reduce their bills in the recession.

Around 1.6million are believed to be driving without insurance, leading to an increase of £30 per policy for drivers who do pay.

Premiums are also being pushed up by a rise in the cost of car repairs, and an increase in personal injuries claims and the legal costs that come with them, according to AA Insurance.

A rise in the number of fraudulent claims is also having an effect.

The research found that premiums are increasing at their fastest rate for nearly a decade.

Between April and June, the average quote for an annual comprehensive car insurance policy increased by 3.5 per cent to £778.13.

Over the past year, premiums have gone up by 11 per cent.

Simon Douglas, of AA Insurance, said: 'Although the number of accidents on Britain's roads is thankfully falling, the cost of claims continues to rise - particularly personal injury claims and legal expenses.'

'During the current downturn, fraudulent claims are also putting pressure on premiums and I'm concerned this is leading to an increase in the number of people who drive without insurance.'

'The burden of claims involving uninsured drivers unfortunately falls to honest drivers.' Research by the AA found that young drivers were seeing their premiums increase most sharply.

The average quoted premium for third party, fire and theft insurance - typically bought by young and

inexperienced drivers - rose by 4.6 per cent in the past three months to £968.22.

However, it found a growing

Numberplate recognition

number of insurers are with drawing third party, fire and theft cover for drivers under 21, while only half will give a quote.

Under 21s make ten times more claims than drivers aged 35 and over.

Under powers which could come into effect in 2011, uninsured drivers will face a £100 fixed penalty fine and could see their car crushed.

It would become an offence simply to keep an uninsured car, not just drive it.

Vehicles will be policed through a computer system that will flag up if their insurance has expired.

At present, those who drive an uninsured car are unlikely to be found out unless they are spotted by a numberplate recognition camera.

But the new system will allow the Motor Insurance Bureau to cross-reference its records with those of the Driver Vehicle Licensing Agency to pinpoint motorists without insurance.

A recent report by the Institute of Advanced Motorists warned that Labour was failing to live up to its promise to make Britain's roads 'the safest in the world'.

Compared with drivers of all ages, it said those aged 17 to 19 were ten times more likely to have a drink-drive crash, with drivers aged 20 to 24 four times more likely to do so.

The report added that uninsured drivers were typically young men living in urban areas.

Mr Douglas said the industry should do more to help young drivers 'get on the road safely and responsibly, rather than shutting the

door on them or making premiums unaffordable'.

However, he warned that premiums could rise further.

'I don't see the pressure on premiums easing,' he said.

'Over the past three months, more than 90 per cent of quotes in the AA index added £5 or more to their premiums and only 2 per cent fell. During the previous quarter, 20 per cent had reduced their premiums.'

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