

Young Drivers Index

A bi-annual vehicle maintenance
index for young people by
comparethemarket.com

September 2016



Young drivers: the annual cost of running a car

Key statistics

- Annual cost of running a car rises 4% to £2,299 compared to March
- Average insurance for 17 – 24 year olds reaches £1,250 – accounts for more than half of a young drivers vehicle costs
- Fuel costs jump up by £88 or 12% due to rising oil prices

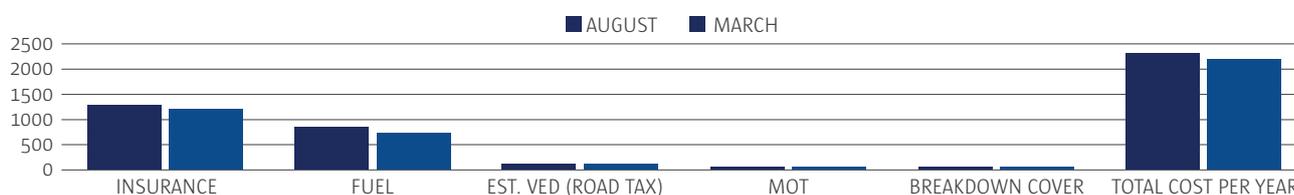
The high annual cost of running a car for young drivers has risen as costs have gone up by more than £98 to reach £2,299.52 on average in the last six months. The analysis by **comparethemarket.com**, which looks at insurance, fuel, taxes, MOT, general maintenance and breakdown cover reveals a 4.4% growth in costs. This is largely down to the increased cost of fuel, which has grown by £88 a year, as global oil prices have rebounded.

Insurance maintained its position as the most significant cost for young motorists, accounting for, on average, 54% of their annual vehicle cost having risen by £10 in the past six months. Drivers aged between 17 – 24 years old are treated as far higher risk than the majority of the driving population which is reflected in the cost of insurance.

Now standing at £1,257 on average, car insurance for this age group is almost double (2.5x) the national average for car insurance policies.

Fuel was the next largest cost for young people looking to get on the road, costing £828.56 per year on average, which is a 12% rise on the year before. Since the crash in oil prices, which hit their lowest point in January of this year, the markets have significantly rebounded from \$28 a barrel to their current level of around \$50 a barrel which has been duly passed on to drivers in the form of higher prices at the pump. The weaker position of Sterling will also have an impact moving forward as oil is traded in US\$, and Sterling has fallen from \$1.49 to £1.00 on 23rd June 2016 to \$1.32 to £1.00 on 25th August 2016, a fall of some 11.4%.

Cost of running a car (17 - 24 year olds)				
Cost	August	March	Cost difference	% Change
Insurance	£1,257.35	£1,246.54	£10.81	0.87%
Fuel	£828.56	£739.68	£88.88	12.02%
Est. VED (Road Tax)	£110.00	£110.00	£0.00	0.00%
MOT	£54.85	£54.85	£0.00	0.00%
Breakdown cover	£48.76	£50.00	-£1.24	-2.48%
Total cost per year	£2,299.52	£2,201.07	£98.45	4.47%



Simon McCulloch, Director of Insurance at **comparethemarket.com**, said:

“The cost of running a car is already a serious burden for younger drivers and stops many from getting on the road. In our last report, the low price of oil slightly offset the rising price of insurance but now, as oil and petrol prices rebound, young drivers are paying the price. There are a number of ways that younger drivers can reduce these rising costs, including buying a more fuel efficient car which is subject to a lower road tax”

The cost of insurance to young drivers

Key statistics

- 17-24 year olds paying on average £1,257.35 for car insurance each year – 2.5x the average for the rest of the UK
- Premiums for 17 – 24 year olds rose by 1% in the last six months – equating to an additional £10 on every policy
- Young drivers could save £251.36 on average by shopping around¹

The high cost of car insurance facing young drivers shows no signs of falling as premiums continue to rise. Although a seemingly modest increase of 1% in the six months since the last report, this follows a period of sharply rising premiums, with annual car insurance costs increasing £143 year-on-year.

The average annual premium for 17 – 24 year olds now stands at £1,257, which is significantly more than double the average premium for all other ages.

Age group	Average premium
17-24	£1,257.34
25+	£501.90
Difference	£755.45

Even the cheapest premiums on the market are at an all-time high, following significant price rises at the turn of the year. The average cheapest premium² currently stands at £1,005 – a £113 rise on the year before. However, rising premiums across the board have further increased the gulf between the average and cheapest premiums available. Savvier and more price conscious drivers stand to save £251 on average per year by switching car insurance provider, reducing their premiums closer to the £1,000 mark.

Car insurance costs have risen over the past year, particularly following the insurance premium tax (IPT) hike in the Autumn Statement 2015 and the Budget 2016.

The costs of this rise to insurers is being passed on to consumers. **comparethemarket.com** estimates indicate that the rise in IPT added £73 to overall household costs.

Changes in motor insurance premiums over the past 12 months for 17-24 year old drivers

Motor insurance premiums for 17-24 year old drivers (July 2016)

Shop around price	Average price	Saving
£1,005.99	£1,257.35	£251.36

Simon McCulloch, observed:

“The cost of car insurance continues to weigh heavily on young drivers and is the largest portion of the price that they have to pay to get on the road. The continual rise in insurance costs could well have a tangible effect on the number of younger drivers who can actually afford to buy and run a car. However, there is hope for those who take the time to search out the cheaper options: the £250 average saving on offer could make all the difference, potentially enabling people to get behind the wheel for the first time. Younger drivers should also look at insurance prices for several vehicles before deciding which car to buy – different models can have vastly different premiums, despite seeming to be broadly similar”

¹ The shop around saving is based on the difference between the cheapest click-through price presented and the mean average of the top five cheapest prices presented to a customer, where a consumer has clicked through to buy.

² When the cheapest price is referred to, this is the average cheapest price presented, where a customer has clicked through to buy.

What is the best car for your budget?

comparethemarket.com analyses the most cost effective cars for young drivers.

- Young drivers spent an average of £1,757.18 on their first car over the past six months
- 17-24 year olds could save an average of £320 on insurance by choosing different cars
- Vauxhall Corsa remains the most popular model amongst young drivers
- Volkswagen Up! also keeps its position as the cheapest car to insure at £849.68 per year

One of the primary considerations when looking to start driving is the cost of your first car. The average value of the top ten most popular cars amongst young drivers in the six months to July 2016 is £1,757.18, a large drop compared to six months ago, according to analysis by comparethemarket.com.

A Vauxhall Corsa is the most popular car amongst young drivers, accounting for nearly a quarter of car enquiries and costing on average £1,336. The Fiat Punto ranks as the cheapest popular model, with the average value standing at £895.

Future car insurance costs can be significantly affected by the choice of car when it comes to young drivers. Eight out of

ten of the most popular cars to buy cost more than £1,000 to insure and only one car, the Fiat 500, features in both the top ten most popular and top ten cheapest cars to insure.

The average insurance costs for the top ten most popular cars to insure stands at £1,233. By comparison, the top ten average cheapest cars to insure for 17-24 year olds stands at £913 – a £320 difference. The Volkswagen Up! also kept its spot at the top of the cheapest cars to insure, with an average premium of £849.

For drivers with a bigger budget, choosing a car with a slightly higher price tag may mean you save significant amounts on your premiums.

17-24 most popular cars				
Manufacturer	Model	Average premium	Average value of car	Average age of car (Yrs)
Vauxhall	Corsa	£1,270.22	£1,336.39	3.3
Ford	Fiesta	£1,220.58	£1,858.35	3.5
Renault	Clio	£1,222.58	£1,004.48	4.6
Volkswagen	Polo	£1,224.12	£1,918.95	4.3
Vauxhall	Astra	£1,423.57	£1,812.77	4.2
Ford	Ka	£995.20	£1,015.13	4.0
Volkswagen	Golf	£1,473.37	£2,613.57	5.5
Fiat	Punto	£1,301.67	£808.43	4.7
Ford	Focus	£1,310.12	£2,283.95	4.7
Fiat	500	£895.76	£2,919.75	1.7
Average		£1,233.72	£1,757.18	4.04

17-24 top 10 cheapest cars to insure				
Manufacturer	Model	Average premium	Average value of car	Average age of car (Yrs)
Volkswagen	Up!	£849.68	£3,301.17	1.30
Hyundai	i10	£891.52	£2,837.18	2.19
Fiat	500	£895.76	£2,919.75	1.73
Hyundai	i20	£911.71	£3,337.74	2.20
Suzuki	Alto	£912.30	£1,431.51	3.45
Vauxhall	Adam	£919.11	£4,308.51	0.78
Volkswagen	Fox	£926.57	£1,153.16	4.42
Fiat	Panda	£943.45	£1,279.79	4.63
Mazda	2	£943.94	£2,788.55	3.05
Nissan	Juke	£944.72	£5,691.17	1.58
Average		£913.88	£2,904.85	2.53

Simon McCulloch, commented:

“When buying your first car, it is easy to forget to think about the running costs of your vehicle. As this report shows, insurance costs are very high for someone in the 17 to 24 age bracket. However, these costs can be reduced in a number of creative ways. By spending a little more money up front, drivers can save hundreds every year on their car insurance. Also, it is wise to ensure that when you buy a new car, you do not take the first policy that comes across your screen and take the time to search out a better deal. The £250 average saving is a testament to that fact.”

Methodology

All data, other than that referenced in the footnotes, is sourced from **comparethemarket.com**.

Young drivers is defined in this research as drivers aged between 17 and 24 years old.

When the average price is referred to, this is the mean average of the top five cheapest prices presented to a customer, where a consumer has clicked through to buy. Buying from the top five cheapest prices presented represents 90% of all car insurance sales.

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All premium data refers to motor insurance products featuring comprehensive, third party fire and theft or third party cover.