

YOUNG DRIVERS INDEX

JULY 2019

A bi-annual vehicle maintenance index for young people by



comparethemarket™

YOUNG DRIVERS: THE ANNUAL COST OF RUNNING A CAR

Key Statistics

- Annual cost of running a car for 17-24-year-old drivers drops £60, decreasing over 2.5% in the past six months
 - Annual fuel costs remain roughly flat in the period £788
 - Car insurance makes up over half of young drivers' first year running costs
- Average insurance for 17-24-year-olds has fallen again by £61 (4.76%) over the six months, dropping to £1,220.

The cost of running a car for young drivers has fallen by over 2.6% in the past six months, primarily driven by a drop in the cost of motor insurance. On average, a 17-24-year-old driver will now pay £2,231 to run his or her car in the first year, of which more than half (£1,220) is the cost of insurance.

The fall over the last six months counteracts a period of steady growth in the costs for young drivers, with the annual amount 17 – 24 year old's pay to get on the road peaking in the second half of 2016 at £2,397. Since then, the cost of running a car for this age group has steadily dropped to its current level.

One of the main factors driving the changing costs is often the cost of fuel. However, after a series of fluctuations, fuel costs for young drivers have held steady over the last year. The average

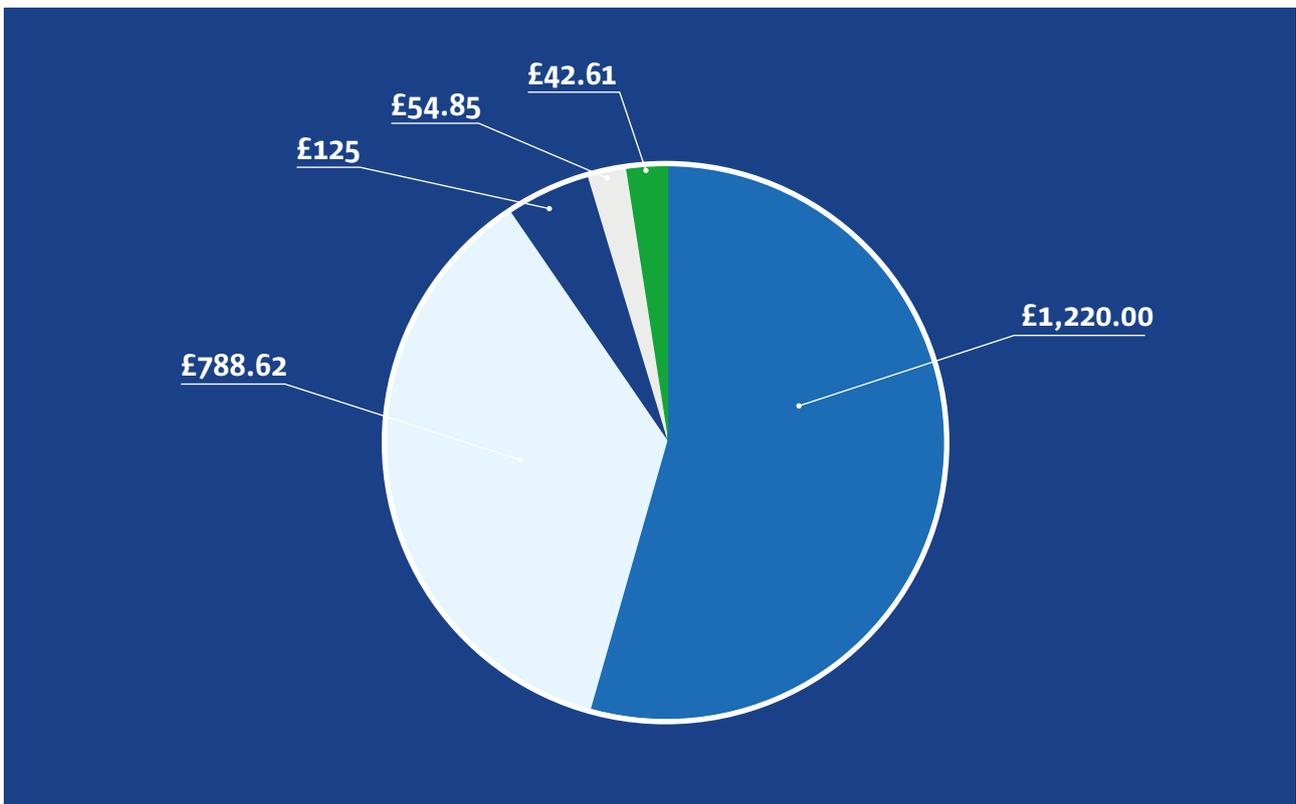
annual cost of fuel now stands at £788 – only £3 higher than the last six months. The analysis of fuel costs, which is based on average annual mileage, average fuel efficiency of cars in the UK and the cost of premium unleaded petrol, shows that prices have fluctuated significantly in recent years, reaching a low of £739 the latter half of 2016 and a high of £891 in the first half of 2018.

The most important factor in declining motoring costs over the past six months years has been the fall in insurance premiums. Annual insurance costs for young drivers have fallen by 4.7% from £1,281 to £1,220 on average over the past six months, while on a year-on-year basis, premiums have fallen by over £100 or 7.9%, from £1,324. Insurance costs account for over 54.6% of a young driver's running costs.



Cost of running a car (17 - 24-year olds); last six months

Cost name	Cost	% of total cost
Insurance	£1,220.00	54.68%
Fuel	£788.62	35.35%
Est. VED (Road Tax)	£125	5.60%
MOT	£54.85	2.46%
Breakdown cover	£42.61	1.91%
Total cost per year	£2,231.08	



■ Insurance
 ■ Fuel
 ■ Est. VED (Road Tax)
 ■ Breakdown cover
 ■ MoT

“Whilst the overall cost of motoring for young people has fallen in the first half of the year it remains unreachable for many, with insurance alone making up over half of the cost of getting on the road. Our research has found that more than a quarter of young people fear that they would risk losing their job if they could no longer afford to drive.

“The high cost of insurance is primarily a result of multiple Government changes which have weighed heavily on premiums. The Insurance Premium Tax has doubled in recent years, and the disappointing changes to the Ogden Rate, which was expected to be a lifeline for young drivers, will do little to help bring down the cost of insurance. The Government needs to address the high cost of insurance for young people to ease one of the main financial burdens of car ownership.

Simon McCulloch, Director of Commercial at comparethemarket.com

THE COST OF INSURANCE TO YOUNG DRIVERS

Key Statistics

- Average insurance for 17 – 24-year-olds stands at £1,220 – accounting for over half (54%) of a young driver’s first year running costs
- Premiums for this age group slightly fell by 4.7% over the past six months, reducing bills by £61.
- Young drivers could reduce insurance costs by nearly £230 on average by shopping around

Insurance costs for young drivers have continued to decrease after a long period of rising premiums. Over the past six months, the average premium for a 17 – 24-year-old dropped by 4.6% to £1,220. Over the past year, premiums for the age group have fallen by 7.9% which equates to £104.

The fall in insurance costs follows a period of significant hikes, primarily driven by Government changes such as Insurance Premium Tax increases and changes to the ‘Ogden’ personal injury discount rate. Changes to the ‘Ogden’ personal injury discount rate – used to calculate compensation for large payouts to those with life-changing injuries – announced in February 2017 forced insurers to increase the amount that they charge to cover the larger claims that the rate would set.

Alongside the discount rate change, the Government announced a number of increases to insurance premium tax (IPT) which doubled from 6% to 12% in a 2-year period from 2015. The

higher taxes on policies pushed up the premiums for customers by an average of £165 for young drivers. The tax disproportionately affected young people as the average increase for all ages stood at £66, meaning that those could afford it least were made to pay the most.

The fall in insurance costs over the last year is likely down to lower competition in the car cover market, as insurers are now offering more competitive renewal

rates to try and retain customers. However, even though premiums have fallen slightly, there is still a significant difference between the price motorists pay by sticking with their insurer versus shopping around, providing an opportunity for savvy motorists to save money. On average, the cheapest premium for 17 – 24-year old’s has dropped below £1000 for the first time in years and now stands at £994 – over £226 lower than the average premium.



Motor insurance premiums for 17-24 year old drivers (Six months to January 2018)

Shop around price	Average price	Saving
£994	£1,220	£226

WHAT IS THE BEST CAR FOR YOUR BUDGET?

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

- 17-24 year olds could save an average over £300 on insurance by choosing more cost-effective cars instead of some of the most popular models.
- Vauxhall Corsa is the most popular car for drivers aged 17 – 24 years old
- The Ford Ka and the Fiat 500 are the only cars to make both the list of most popular cars and the cheapest cars to insure

Young drivers could save £303 by choosing a more cost-effective car. Research from comparethemarket.com found that the average premium of the top ten cheapest cars to insure stood at £885 for 17 – 24 year old's, compared to an average of £1,220 for the age group.

For the first time since Young Drivers Index was first produced, the cost of the car is lower for the cheapest cars to insure over the most popular. The average value of the top ten most popular cars stands at £4,308 compared to £4,133 for the cheapest cars to insure.

The Vauxhall Corsa retains the top spot as the most popular car for young drivers, accounting for 11.77%

of enquiries and costing an average of £3,182. The Ford Fiesta and the Volkswagen Polo took second and third spots for the most popular cars accounting for 11.21% and 6.53% of enquiries respectively.

The Volkswagen Up! has taken the top spot as the cheapest car to insure, costing an average of £818 per year for a young driver, but with an average value of £5,357. The Fiat 500 continues to appear high up on both lists costing an average of £870 to insure and the average value stands at £4,970. The Fiat 500 is one of the most popular models amongst young drivers, accounting for around 3% of all enquiries from young drivers.

Thinking beyond the initial purchase price of a car is crucial for savvy motorists looking to save money. Running costs between rival models can vary widely, with our statistics showing that the difference between insuring similar sized cars can be hundreds – and even thousands – of pounds more over the lifetime of the vehicle.



Simon McCulloch, Director of Commercial at comparethemarket.com

Cheapest Cars to Insure for 17-24-year olds

Model	Average premium	Average car value
Volkswagen Up!	£818.81	£5,357.33
Citroen C1	£868.45	£3,083.12
Fiat 500	£870.63	£4,970.12
Skoda Citigo	£871.74	£5,235.69
Vauxhall Adam	£885.99	£6,391.18
Vauxhall Viva	£896.34	£6,084.35
Peugeot 107	£899.68	£1,887.91
Hyundai i10	£905.37	£4,536.93
Fiat Panda	£915.97	£1,550.81
Ford Ka	£919.36	£2,234.88



Most Popular Cars for 17-24-year olds

Model	Average premium	Average car value
Vauxhall Corsa	£1,216.79	£3,182.54
Ford Fiesta	£1,175.25	£4,539.30
Volkswagen Polo	£1,160.39	£5,105.35
Renault Clio	£1,117.91	£2,629.90
Volkswagen Golf	£1,486.99	£6,376.71
Vauxhall Astra	£1,434.74	£3,392.91
Fiat 500	£870.63	£4,970.12
Seat Ibiza	£1,199.24	£5,362.03
Ford Focus	£1,308.94	£5,292.53
Ford Ka	£919.36	£2,234.88

Methodology

All data on insurance and breakdown cover, as well as insight on car models, has been sourced through Compare the Market. All other data has been sourced through Gov.uk.

A young driver 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.

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

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