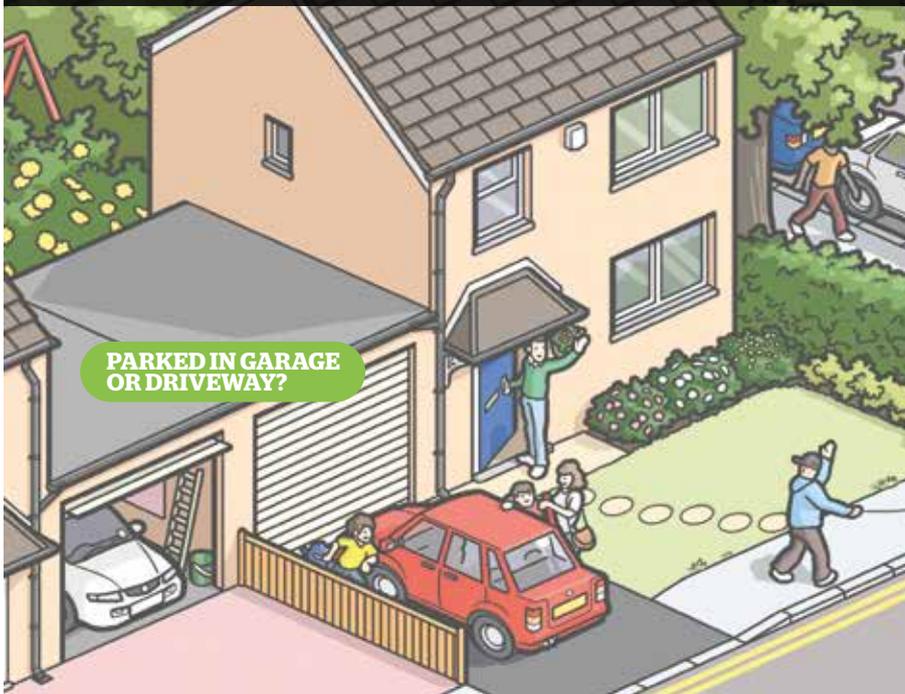
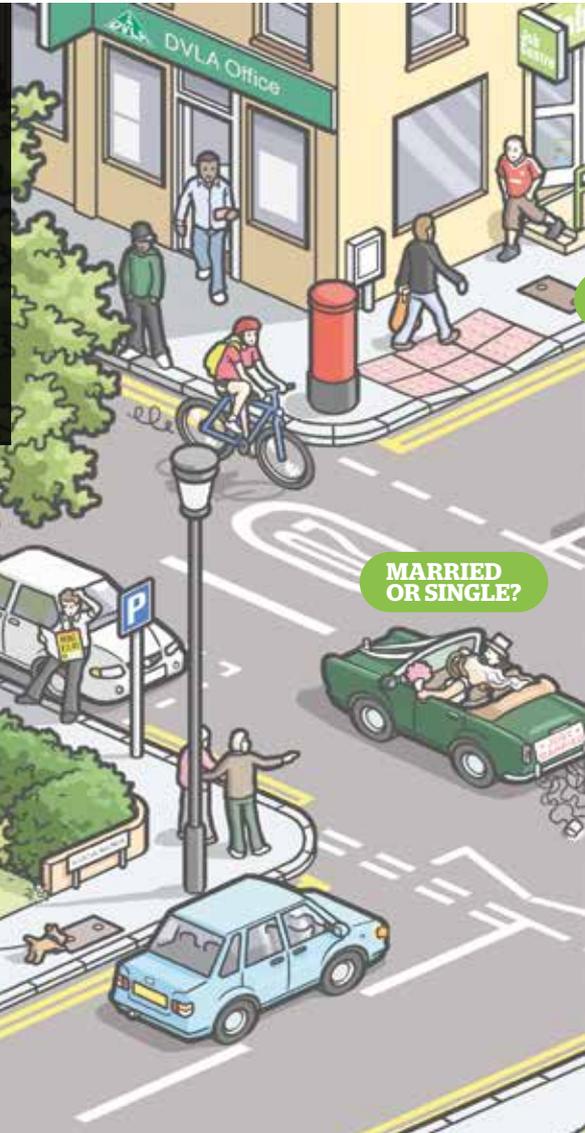


What's driving up my car insurance premium?

Which? investigates the factors that dictate how much your car insurance will cost



Driving slightly too fast on the motorway, inadvertently pulling out in front of another car at a junction or being distracted while tuning your car radio are all relatively common examples of poor driving which can sometimes lead to motoring convictions. But on top of the inevitable fine and some points on your licence, our latest investigation has found that these driving offences could cause your premium to rocket by up to 55%.

And we've unearthed some other, more surprising factors. Being unemployed can be difficult enough, but it seems that car insurers are prepared to add insult to injury, with some quoting up to 22% more if you're

unemployed than if you have a job. Bizarrely, we also found one major insurer (More Than) that quoted you more if you keep your car in a locked garage than if you park the vehicle on your driveway or on the street. And, in some cases, you could even expect to pay higher premiums if you're separated or divorced.

We looked at a cross-section of the many questions insurers ask when they determine how much your cover will cost. Beginning with a standard search, we tweaked different variables as we went along to see what made rates go up or down, using the online search engines of five of the largest car insurance companies: Aviva, The Co-operative Insurance, Direct Line, LV and More Than.

We obtained quotes for a low-risk scenario (a 2012 Ford Focus 1.6 Zetec driven by someone in their mid-40s living in rural Cambridgeshire) as well as a high-risk one (a 2013 BMW 120d Sports Coupé driven by a mid-30s motorist living in Tooting, London).

Read on to find out more about the quirks that can affect your car insurance premiums. And, if you're looking for an insurer that delivers both an excellent policy and top-notch customer service, our Which? Recommended Providers are shown in red in the table on p41.

THE COST OF CONVICTIONS

We all try to drive as carefully as possible, but even the most careful driver can make a mistake behind the wheel and end up with points on their licence. It's understandable that insurers take a dim view of motoring offences and convictions, but what's more



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quotes in our research, particularly via More Than – it added 46% and 55% to our low-risk and high-risk quotations, respectively. Next came LV (32% and 42% higher) and Direct Line (19% for both scenarios). Aviva's increases were once more considerably lower, at 5% and 7%, while The Co-operative Insurance refused to quote for someone with this conviction.

Of course, the only surefire way to avoid such charges is to drive carefully at all times.

LOCKED AWAY SAFELY

Insurers will usually ask where you keep your car overnight before providing a quote – the options tend to be on the street, on a driveway or in a private garage. The assumption has always been that parking in a garage or driveway reduces the risk of theft or someone inadvertently crashing into your vehicle.

But the results from our More Than searches seem to turn this notion on its head. For our standard search, we indicated that we kept our vehicle on a driveway. However, the More Than quotes were 7% higher if we said we kept our car in a garage, whether locked or unlocked, and up to 2% lower if we parked it on the street.

More Than told us: 'When generating a premium for a customer, we use a number of risk factors to arrive at a price. How we rate is based on our experience of the market and the subsequent claims history. In terms of where the car is kept overnight, a customer's perception of how this may impact the price may not always be correct, as the claims history we see may be very different.'

Our other insurers priced this part of the risk calculation as you'd expect. Both The Co-operative Insurance (5% discount) and Aviva (2% discount) felt that keeping your car in a garage seems to be the safest option. The Co-operative Insurance quoted more if you kept your car on the street, as did LV.

NO JOB, HIGHER PREMIUM

Facing a period of unemployment has sadly become relatively common as the downturn persists, and uncertainty about the country's economy remains. Car insurers think that you're a greater risk if you're unemployed than someone who's working, and charge you more for cover accordingly.

When we conducted our initial search, we set our default occupation as that of a researcher in an office.

Direct Line increased our quotes by 21% for our low-risk scenario and by 22% for our high-risk scenario if we said we were unemployed. More Than quoted slightly lower rises (12% and 19%), as did LV (11% and 14%). The exception, again, was Aviva, which seems to give less weight to your employment status. >

surprising is how different the corresponding premium hikes can be with various insurers.

In order to test how much motoring convictions can add to your premium quotation, we tweaked our variables based on two examples when running our searches:

■ **SPEEDING** The first offence was conviction code SP50, or 'exceeding the motorway speed limit'. We said the conviction was two years old and had resulted in three points on the licence.

Insurers applied different premiums hikes for this offence, ranging from 2% to just under 20%. More Than (15% and 19% higher premiums than our standard search for the low- and high-risk scenarios, respectively) was most severe with our convicted motorist, followed by LV (9% and 12% higher) and Direct Line (8% and 9%). Aviva's premium increases were only 2% and 4%, while The Co-operative Insurance put up both quotes by 5%.

Quotes from insurer More Than were 7% higher if we said we kept our car in a garage, and up to 2% lower if we parked it on the street

■ **CARELESS DRIVING** The second conviction dealt with someone being found guilty of CD10, or 'driving without due care and attention', and receiving a penalty of six points on the licence. This offence includes running a red light, tailgating, overtaking on the inside and carelessly pulling out in front of another vehicle.

Being convicted for careless driving can hit your wallet hard. Motorists who received a CD10 faced considerably higher premium

When we asked Direct Line about this, it told us that ‘the difference is due to the increased risk of the alternative scenarios, based on our claims experience’. Direct Line stated that the scenarios didn’t take into account the positive factors that could be brought about by unemployment that may eventually reduce your premium. ‘For example, if a policyholder becomes unemployed this could also result in a change in miles or a change in vehicle use, and we would price the premium accordingly.’

There is some good news for older motorists, however. According to our price searches, once you retire, you can expect your car insurance premiums to fall. Direct Line offered retired drivers with a BMW a 10% lower quote, while it was a 6% discount through More Than and 5% via LV. Aviva gave no reduction for a retired motorist.

WHAT’S MY LINE OF WORK?

Insurers will often ask for your occupation when calculating your premium, as they

consider some jobs riskier than others. Certain types of employment will mean that, statistically, you’re more likely to have an accident and submit a claim.

LV’s pricing was most sensitive to a driver’s occupation, providing police officers with a reduction of 7% and 9% in our scenarios compared with our default occupation of researcher, while quoting brewery workers and private investigators up to 23% more. Someone working as a bar manager faced a premium hike of almost 28%.

What else affects your premium?

You may be surprised to know that having kids or being divorced can push up the cost of car insurance



Kids and a mortgage

Some insurers will ask whether you have any children under 16 living with you (Direct Line and More Than) or if you own your home (Direct Line, LV and More Than) in order to accurately calculate your car insurance premium.

Direct Line was the most reactive to these questions, adding premium increases of 7% and 8% if you’re not a homeowner. The penalties for having children in the house were an extra 8% and 9%, respectively, on your car insurance quote. Direct Line said that claims history justified these increases.

Motorists seeking a quote with LV, who don’t own their home, were offered rates that were 4% and 5% higher. More Than asked both questions, but the answers didn’t affect the end quote we were given.



Going the extra mile

Estimating how many miles your car will be driven in a typical year is another variable used by insurers to determine how much they think you should pay.

Our investigation reveals that drivers opting for 4,000-6,000 miles will usually get the lowest premium quotations. The increase was relatively minor (2% to 3%) if you indicated 2,000-4,000 miles or 6,000-8,000 miles.

But motorists clocking up lots of miles will pay a significantly higher rate to reflect the increased likelihood of making a claim. When we tweaked our details to show an annual mileage of up to 15,000 miles, it added between 10% and 30% to the rate compared with 4,000 or 6,000 miles. This underlines the need to give an accurate estimate of your mileage.



Long-time licence

How long you’ve held a full UK driving licence forms part of the car insurance quotation process. The inference is that the longer you’ve held a licence, the safer a driver you are, and this is backed up by our recent premium searches.

If you’ve held a licence for five years rather than 10 years, it can add between 5% (Direct Line) and 10% (Aviva) to your quotation. The Co-operative Insurance asked the question but didn’t alter the premium.

Insurers tend to only give you the option of indicating how long you’ve had a licence up to about 10 years. Beyond that you can select ‘9+’ or ‘10+’ years if you’ve had your licence for a long time. This suggests that beyond this cut-off point, the claims history of drivers is fairly equal and the exact length of your licence holding is of less interest to insurers.



Happily married?

Insurers will ask you about your marital status when you’re completing the car insurance form and may make small premium adjustments depending on the answer.

Aviva and Direct Line are two providers that didn’t make any amendments when we changed the marital status. LV quoted 1% and 3% more if you are single, divorced or separated, rather than married or widowed. Divorcees and singletons were penalised to the tune of 1% by More Than.

The Co-operative Insurance was the most precise when it came to this question, offering a discount of up to 2% or an increase of up to 3%, depending on which of the six marital status options you indicated. In its eyes, being single or married is seen as less risky than being divorced or separated.

Direct Line gave some surprising results, offering cheaper rates for oil rig workers and exotic dancers, but applying substantial increases (13%) if you ply your trade as a scrap merchant. Aviva's premiums were once again fairly indifferent when it came to your occupation, apart from the beleaguered scrap dealer, who would face a hike of around 28%.

There tended to be no premium hikes if you work as a marketing manager while, on several occasions, insurers failed to return quotes when we put in certain jobs – a private

investigator looking for cover with Direct Line and More Than, for example. In these instances, a phone number was usually provided so that you could call to discuss the quote with an adviser. Some insurance companies will refer you to a broker if they consider you as a 'non-standard risk'.

ALWAYS BE HONEST

Insurers ask lots of questions and apply complex underwriting criteria in order to fairly rate each potential customer, although we've shown

that some of the pricing effects are slightly surprising. More Than, for example, asks in excess of 30 questions about you and your car, and some of the variables we looked at made no difference. However, the lack of consistency from insurer to insurer underlines the need to shop around for the best premium rate.

While our investigation has highlighted the different factors that affect your rates, you should always be honest when filling in forms. False details could void your policy, meaning that any potential claims might be turned down.

Which Recommended Providers: car insurance

Calculating your car insurance premium requires you to spend considerable time filling out various online questionnaires or speaking to call handlers. The way insurers give different weight to key variables makes it even harder to make a like-for-like comparison.

The Which? Recommended Providers, shown in red in our table, will help you find an insurer that combines good-quality cover and great customer service. Our analysis examines the policies of dozens of insurers and surveys thousands of Which? members. You should still look for a cost-effective rate using comparison sites and insurers' websites, but opt for an insurer that ranks well in our analysis if you want good cover.

Our policy analysis examines 49 key elements to come up with an overall Which? policy score, while the Customer scores and star ratings were derived from a customer survey (based on surveying 11,753 Which? members in November 2012 and April 2013). To be a Recommended Provider insurers must record at least an average Which? policy score along with an above-average Customer score of 70% or more.

CONTACTS / THE CO-OPERATIVE 0845 746 4646 www.co-operativeinsurance.co.uk / **JOHN LEWIS** 0800 916 6871 www.johnlewis.com/insurance / **LV** 0800 756 8020 www.lv.com / **MERCEDES BENZ** 0845 600 2180 www.mercedes-benz.co.uk/motorinsurance / **NATIONWIDE** 0800 756 8850 www.nationwide.co.uk / **NFU** 0800 316 4661 www.nfumutual.co.uk / **VOLVO CAR INSURANCE** 0800 238 239 www.volvocars.com



CAR INSURANCE COMPARED						
SPECIFICATION	WHICH? RATINGS			TOTAL SCORE		
	New customer max age	Customer service	Which? policy score	Customer score	Value	
1 NFU^a	80	★★★★★	★★★	85%	80%	82%
2 JOHN LEWIS	99	★★★★★	★★★★★	75%	79%	77%
3 MERCEDES BENZ	84	★★★★★	★★★	78%	76%	77%
4 VOLVO CAR INSURANCE	No maximum	★★★★★	★★★	71%	82%	77%
5 LV	No maximum	★★★★★	★★★★★	75%	76%	76%
6 NATIONWIDE	No maximum	★★★★★	★★★★★	70%	80%	75%
7 VOLKSWAGEN^b	85	★★★★★	★★★	65%	82%	73%
8 TOYOTA	No maximum	★★★	★★★	66%	80%	73%
9 THE CO-OPERATIVE	75	★★★★★	★★★	73%	69%	71%
10 AGE UK^c	No maximum	★★★	★★★	69%	72%	70%
11 M&S	85	★★★	★★★	68%	69%	68%
12 SAGA^c	No maximum	★★★	★★★	64%	70%	67%
13 50 PLUS INSURANCE^c	89	★★★	★★★	61%	72%	66%
14 THE AA	No maximum	★★★	★★★	56%	73%	64%
15 TESCO	99	★★★	★★★	64%	64%	64%
16 ALLIANZ	85	★★★	★★★	53%	75%	64%
17 SHEILA'S WHEELS	80	★★★	★★★	61%	67%	64%
18 MORE THAN	No maximum	★★	★★★	57%	71%	64%
19 ZURICH	85	★★	★★★	56%	70%	63%
20 NATWEST	No maximum	★★★★★	★★★★★	66%	59%	63%
21 RSA	No maximum	★★★	★★★	64%	62%	63%
22 ESURE	80	★★★	★★★	59%	65%	62%
23 THE POST OFFICE	Underwriter dependent	★★★	★★★★★	64%	59%	62%
24 CHURCHILL	No maximum	★★★	★★★	58%	65%	62%
25 AVIVA	84	★★★	★★★	57%	66%	62%
26 SWIFTCOVER	No maximum	★★★	★★★	63%	59%	61%
27 PRUDENTIAL	No maximum	★★★	★★★	58%	64%	61%
28 DIRECT LINE	No maximum	★★★	★★★	62%	61%	61%
29 HASTINGS	99	★★★	★★★	50%	71%	60%
30 RAC	No maximum	★★★	★★★	58%	62%	60%
31 ELEPHANT	No maximum	★★★	★★★	61%	58%	60%
32 PRIVILEGE	No maximum	★★★	★★★	58%	61%	60%
33 AXA INSURANCE	No maximum	★★★	★★★	53%	64%	59%
34 ENDSLEIGH	99	★★	★★★	53%	63%	58%
35 KWIK FIT	No maximum	★★★	★★★	56%	60%	58%
36 LLOYDTSB	Underwriter dependent	★★	★★★★	54%	61%	57%
37 ADMIRAL	No maximum	★★★	★★★	53%	60%	56%
38 HALIFAX	Underwriter dependent	★★★	★★★	46%	61%	53%
AVERAGE				65%	68%	65%

^a Policies via direct sales forces and local agents may not cover all risks. Call 0800 316 4661 to find out
^b For non-Volkswagen cars, obtained by phone only (0800 316 7892) ^c Customers over 50 only