

Van Insurance Price Index

March 2017



Summary

The Consumer Intelligence Van Insurance Price Index is compiled using real customer quotes from across all the price comparison websites and direct channels.

Consumer Intelligence is the only company with authorisation to collect pricing information from this comprehensive range of channels and its data is used by the Office for National Statistics to inform its measures of inflation.

Van insurance premiums have hit an average of £1,344 in the year to January 2017 with best-buy deals racing ahead by 14.1% in the past year.

Methodology

For each risk common to consecutive months, the variation is calculated from the average of the Top 5 cheapest premiums returned across the PCWs and key directs in the previous month to the average of the Top 5 in the current month (regardless of which brands provided these quotes).

The Overall Market Top 5 monthly variation is calculated by averaging across all these risk level Top 5 variations for common risks run in both months.

The monthly figures are concatenated up to produce the trended price index from a starting point of 100% in the base month.

Meet the specialists



Laura Crane

Laura Crane joined Consumer Intelligence as an Insight Analyst in 2010, after graduating from the University of Southampton with a degree in Mathematics.

Laura is responsible for driving high quality research reporting and analytics that meet client requirements. She is also a key member of our systems development team contributing ideas to shape the pricing analysis tools we use to explore market trends, competitive positioning and opportunities.



John Blevins

John Blevins is a General Insurance specialist with 19 years' experience in the insurance industry. Having worked in an intermediary, aggregator and direct insurer, John has accumulated a wealth of knowledge around how these markets operate.

John is based in Scotland and recently joined Consumer Intelligence as product manager for general insurance pricing.

The numbers

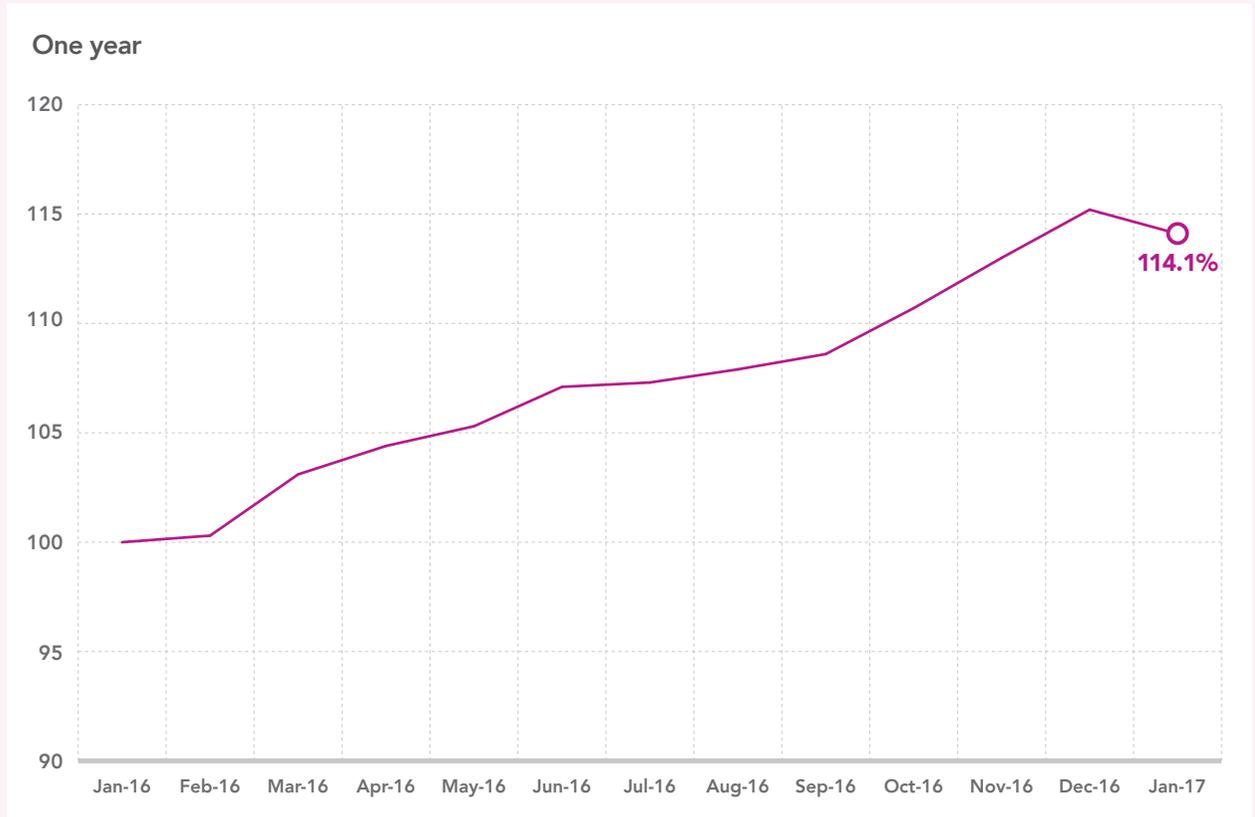
Top 5 premiums across PCWs & key directs has risen by 14.1%, on average over the last 12 months. The average premium is now £1,344. The rise includes the 0.5 point increase in Insurance Premium Tax to 10% on 1 October 2016.

Premiums rose at their sharpest pace between August and December, with a 7.3% increase in those four months.

This coincides with the collapse of Enterprise Insurance, an unrated underwriter which had provided 8.5% of the top five priced quotes, via brokers, in July. Enterprise was ordered to stop writing new business by the Gibraltar Financial Services Commission on 25 July 2016. However the impact of its exit shouldn't be overestimated as ten brands were more competitive in that month.



The average premium is now
£1,344.



Collapse of Enterprise Insurance

Insurance Premium Tax increase

↓ The increase reversed slightly in January, when the average premium fell by 1.3% in a month.

Long term view

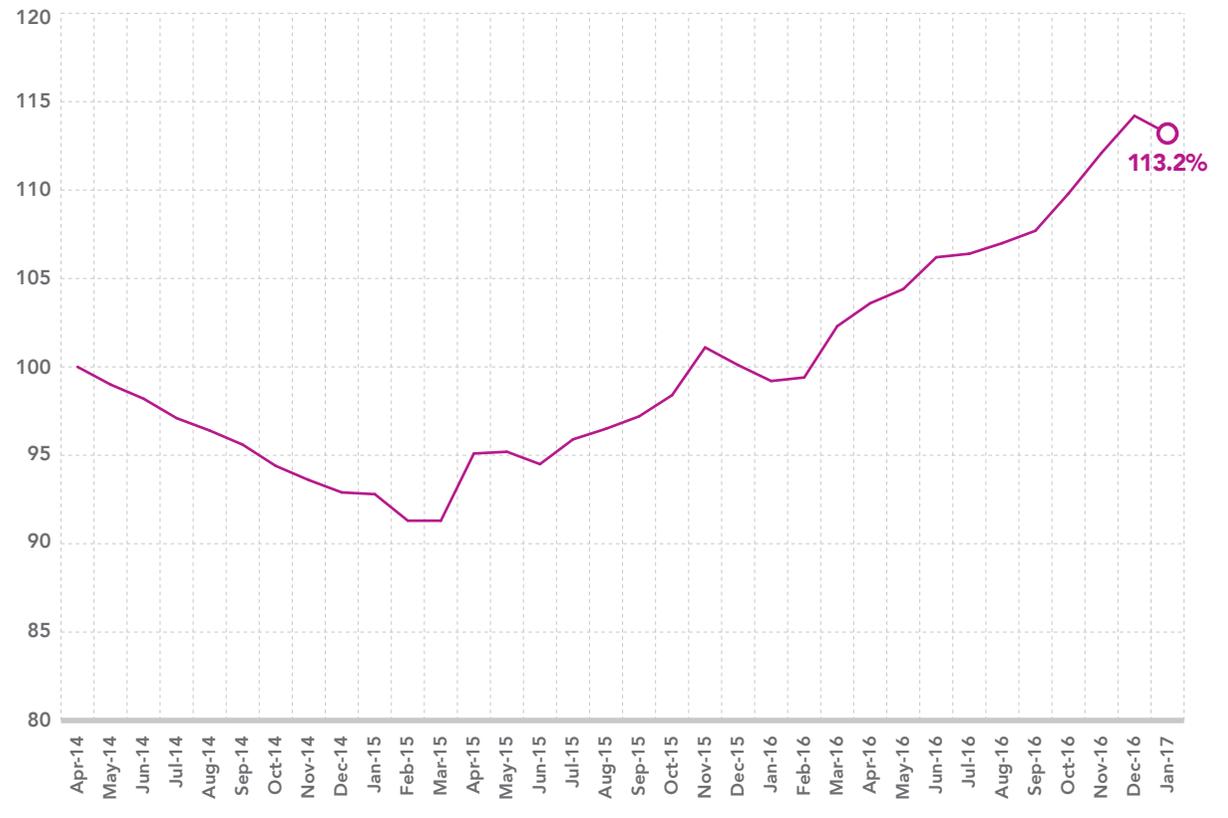
Over the longer term, van insurance is 13.2% more expensive than it was in April 2014, when Consumer Intelligence began collecting this pricing data.

Rates softened to a low point of 91.3% in March 2015 and are now 24% higher than that low point.

Consumer Intelligence pricing expert John Blevins says:

“Rising premiums can be explained by the rising cost of claims, fraud, and successive increases in Insurance Premium Tax. Fraud is particularly noteworthy in the case of van insurance because it can involve businesses either committing the fraud or being targeted, leading to higher average claims costs.”

February 2014 - January 2017



Van insurance is 13.2% more expensive than it was in April 2014

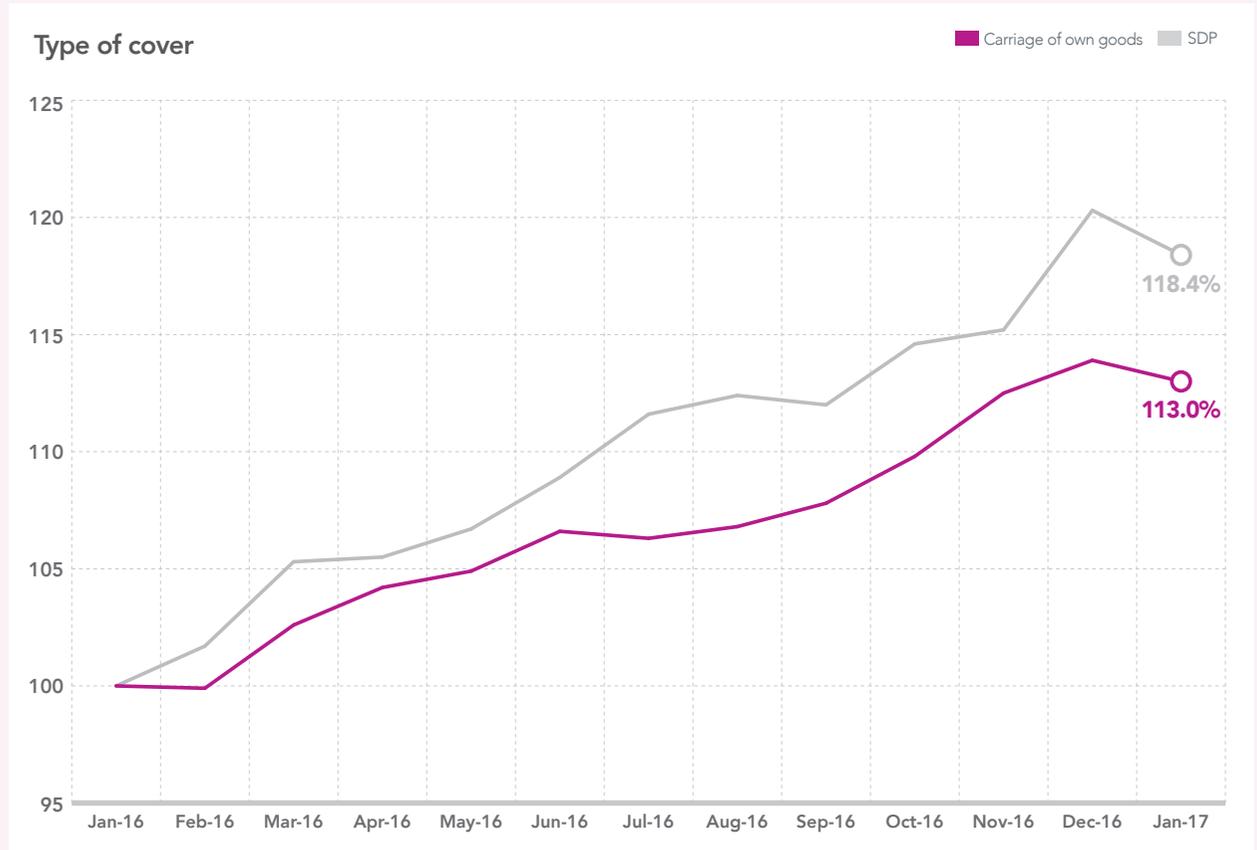
Type of cover

Insurance for vans used for social, domestic and pleasure purposes (SDP) has risen at a faster rate than carriage of own goods cover, which includes professional use by tradespeople.

The average SDP premium is now £1,557 – some 18.4% higher than a year ago. Carriage of own goods cover has risen by 13% to £1,293.

John Blevins explains:

“Insurers view commercial van owners as better risks. This is because they expect policyholders to be more careful with their vans and keep them well maintained because they rely on them for their livelihood.”



£1,557

Average SDP premium

£1,293

Average carriage of own goods premium



On average, premiums rose by 18.4% for SDP and 13% for carriage of own goods.

Age gaps

The top 5 premiums for van drivers aged under 25 across PCWs and key direct channels are up 13.7%, on average, over the last 12 months. Average premiums for young van drivers now stand at £4,707 – more than twelve times the average premium paid by drivers aged over 50.

Premiums for drivers aged 25 to 49 rose by 14.4% to £655 and for over 50s they rose by 11.2% to £369. In the last six months, premiums for drivers under 25 increased by 8% compared to 6% for drivers aged 25-49 and 50+.

John Blevins says:

“One reason why van drivers aged under 25 have had higher price rises than their car-driving counterparts is that there isn’t a developed telematics proposition for van drivers. Telematics policies have helped keep a lid on price rises for young car owners from monitoring and rewarding safe driving”

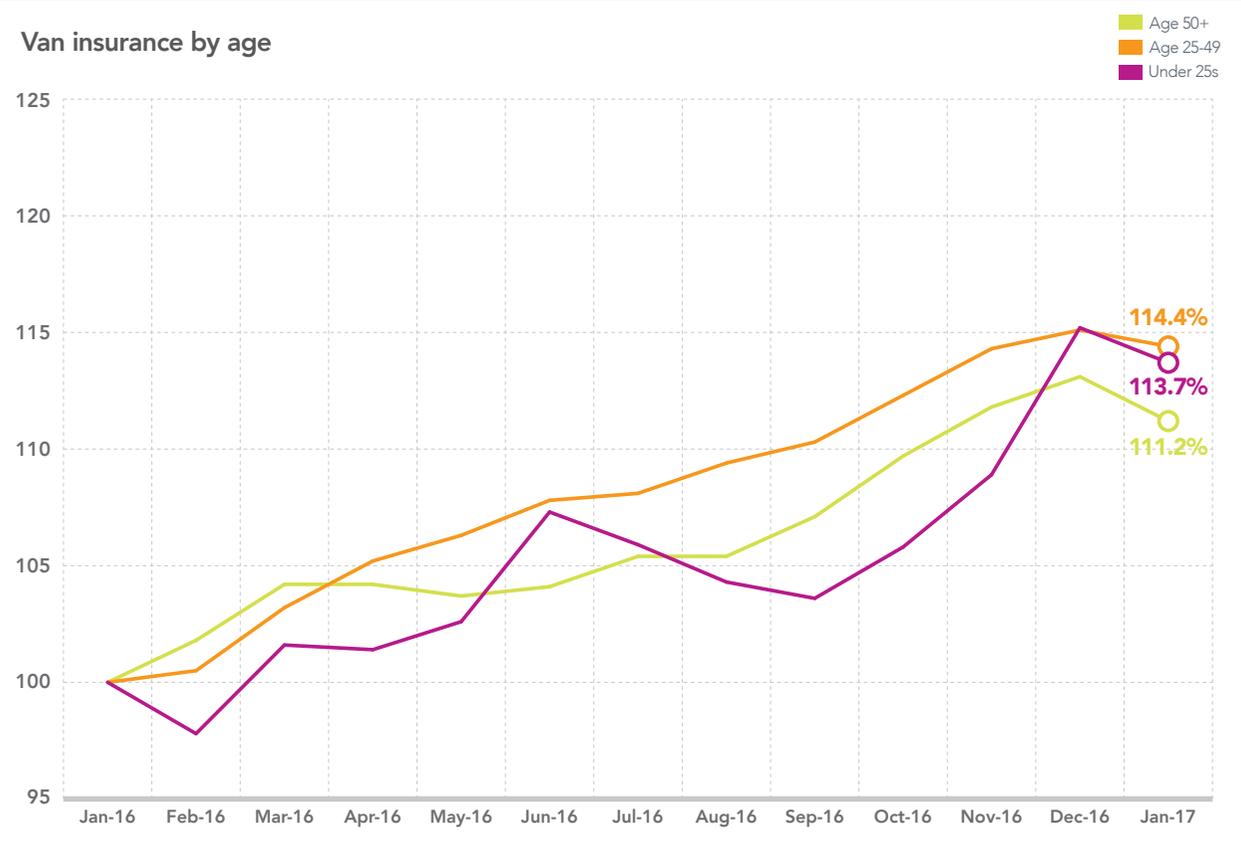
£655

Average premium for drivers aged 25-49

£369

Average premium for drivers aged 50+

Van insurance by age



In the last six months, premiums for drivers under 25 increased by 8% compared to 6% for drivers aged 25-49 and 50+.

Premiums at a glance

Van insurance is 13.2% more expensive than it was in April 2014

Average premiums for young van drivers now stand at £4,707 – more than twelve times the average premium paid by drivers aged over 50.

“Insurers view commercial van owners as better risks. This is because they expect policyholders to be more careful with their vans and keep them well maintained because they rely on them for their livelihood.”

Insurance for vans used for SDP has risen 18.4% – a faster rate than carriage of own goods cover.



“Rising premiums can be explained by the rising cost of claims, fraud, and successive increases in Insurance Premium Tax.”

How do you compare?

Our quarterly price index shows only part of the picture, here at Consumer Intelligence we collect the granular detail that sits behind the average figures contained in this report.

To find out more about how your company ranks or if you would like help benchmarking your products and pricing across your target customer segments to inform your acquisition strategy then contact us at insights@consumerintelligence.com

