

Why a curfew for young drivers would be wrong for the UK

Charlotte Halkett, Marketing Actuary
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Summary

The government has announced changes are coming for newly-qualified and young drivers in the UK in a bid to cut serious accidents on our roads and reduce insurance premiums for young people. Firm proposals are expected in a green paper within two months.

We welcome the debate on the important issue of serious accidents amongst young people. Some of the ideas currently being discussed include a redesigned driving test, restricting passengers and a longer learning period. We would argue that these all have considerable merit.

However, one of the proposals currently under discussion is a ban on night-time driving for young people. We do not see a curfew on driving as a workable or fair solution, nor do we believe it would reduce motor premiums for young people. Furthermore, we believe the best way to make driving safer in the long term is to educate young motorists, not ban them.

The power of insurethebox data

insurethebox is the UK's leading telematics provider. We have sold nearly 150,000 new policies since 2010 and have had nearly 50,000 renewals to date (data to April 2013)¹. Our customers have driven over 600,000,000 miles with a black box in their car, meaning we can analyse driving speeds, styles and accident characteristics. Our claims data can pin-point how and when an accident happened. This puts us in a unique position to be able to analyse the driving habits of different age groups.

Proposals for a curfew for the UK

There have been recent discussions in the media surrounding a possible curfew for young people in the UK. A proposal by the Association of British Insurers describes a curfew between 2300-0400 during the first six months of driving, with exemptions for those who need to drive at night for work or education.

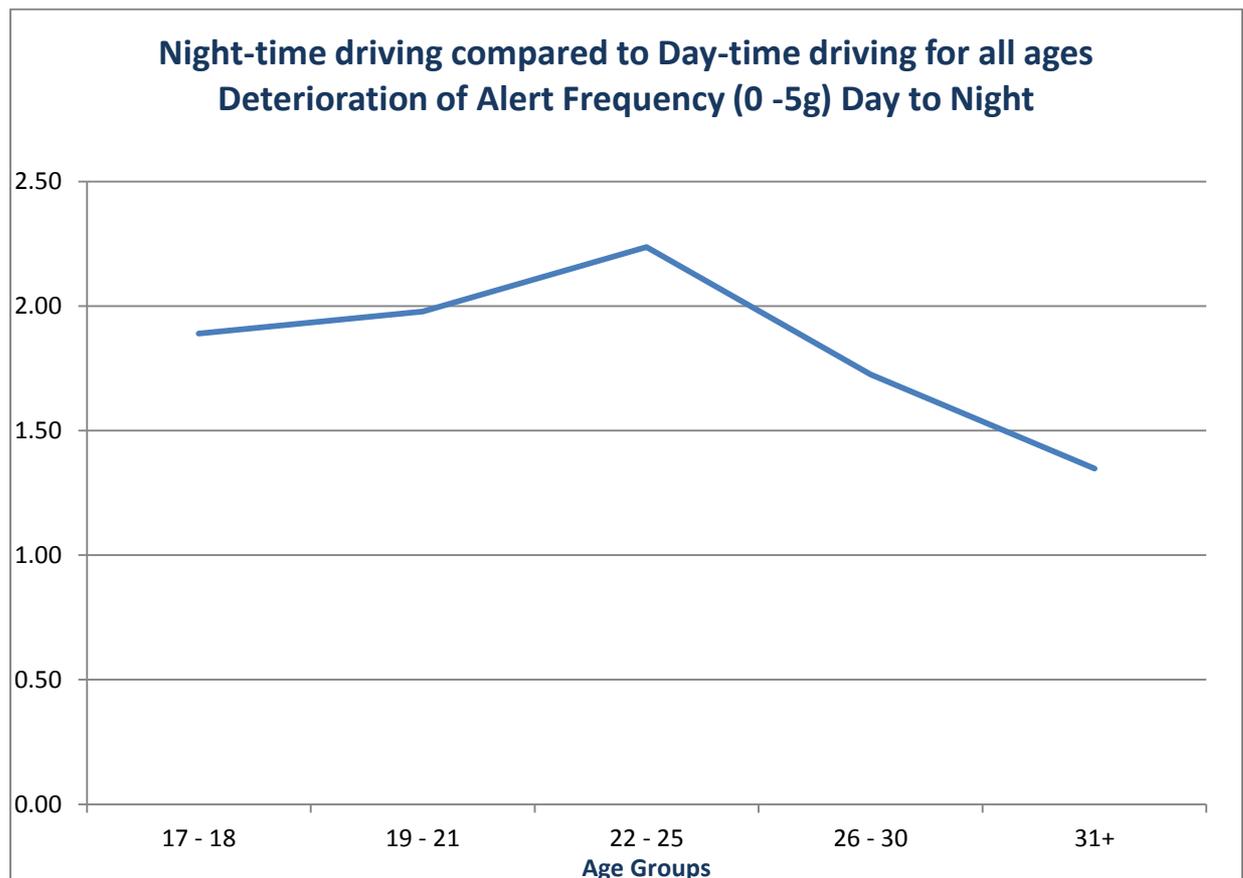
A curfew is a heavy penalty on all young people, when it is actually a minority who drive particularly dangerously. With young people, there is a considerable range of different driving abilities and their individual attitude to driving is key for safety.

Driving at night

The ABI's statistics show that young drivers have more accidents at night and that they represent a greater proportion of accidents at night than during the day. However, this is an over-simplification of the true picture.

Because we record details of when and where our customers drive, we have been able to analyse more than 600 million miles of motoring. Our data shows that 19 – 23 year olds drive the highest percentage of their total miles at night². When you take this into consideration, analysis of night-time accidents show a far smaller difference by age group. In other words, the main reason young people crash more often at night is that they drive more often at night, not that they are much more dangerous.

In fact, drivers of all ages are more likely to crash at night. Our analysis of our black box alerts shows that a driver over the age of 30 could expect accidents 35% more often at night³. It could therefore follow that a curfew at night should apply to all ages. An alternative might be to look at safety measures that would benefit all ages, such as reduced speed limits at night.



The curfew would increase risks

The curfew would encourage speeding

One unintended consequence of a curfew would be to encourage individuals to rush to make sure they are home in time to meet it. A delay, poor planning or simply poor time keeping would be a regular occurrence and those individuals would feel pressure to drive faster. Encouraging inexperienced drivers to speed on our roads is very dangerous and would likely result in increased serious accidents around the curfew.

There are some telematics providers whose products have a costly penalty if their customers break a curfew. We are aware of a complaint to one provider where a young customer tragically lost their life, allegedly rushing home to meet a curfew in just such a scenario.

This danger associated with any cut-off timings is a major reason why insurethebox decided not to use curfews. It is important to encourage young drivers to take a safer attitude to their driving over the long term and permanently change their habits for the better. Curfews will not achieve this and may sometimes have the opposite effect.

The curfew and personal safety

A curfew might encourage young people to take risks with personal safety, such as accepting a lift with someone they would not otherwise trust, using unlicensed mini-cabs, waiting for infrequent night buses or walking home alone.

Why a curfew would be unworkable

It has been suggested that some individuals should be given an exemption from the curfew because of need. We argue that this would be unworkable in practice.

Occupations with the need for night driving

There are many jobs where a curfew would affect employability or work capability. For example: those who work in caring/ blue light professions (nurses, paramedics, fire fighters, police officers); workers in the hospitality industry (bar, hotel, club staff); the delivery industry (HGV drivers, couriers, delivery vans, takeaway delivery staff); the farming and food delivery industry or indeed shift workers in any industry.

However, a ban on late-night driving would affect the work capability of many others. For example, project-based work sometimes results in late nights as a deadline approaches or work involves travelling long distances, therefore starting or ending late at night. Students supporting their education are another group that often need to take late-night jobs.

There would be many additional complications. Would a driver who is exempt from the ban because of work be allowed to drive at night for other purposes? If not, how would the police be able to check whether their night-time driving is legitimate? Finally, who would administer the scheme and issue exemptions? We can envisage a bureaucratic process that would be slow and expensive and open to manipulation. We believe it would be very hard to be fair, or indeed legal, when deciding which occupations should and should not have to obey a curfew, and under which circumstances.

Emergency situations

There are many scenarios where the curfew would need to be unexpectedly broken, compounding the complications listed above. These include:

- Delays to a journey, such as the car breaking down, traffic or poor weather
- Emergency family or friend situations, such as a call for help in the night or a hospital visit
- Unexpected work demands, such as covering a colleague's shift due to illness or a work project crisis.

Who would decide which scenarios were "legal" curfew breaking? It would also be simple for an individual to invent a good excuse when asked. We argue that a car is often the only option to an individual late at night and removing their right to drive could be dangerous.

A curfew would put another burden on our overstretched transport police and the reality would be unworkable.

All the above issues with curfew breaking would be exacerbated in rural areas, where public transport at night is far less frequent.

The curfew would not reduce premiums

From our data, only 11% of claims from young people occur between 23:00 and 04:00⁴. Banning young people from travelling at night would most likely move many of their journeys to immediately before or after. As described above, we also see a raft of potential increased risks and complex dynamics around exemptions from the curfew. Furthermore, young people would be deprived of night-time driving experience so would pose an even greater risk when they were eventually freed from the curfew. Therefore it is highly unlikely that a curfew alone would have much, if any, impact on the accident cost to insurers and the prices offered to young people.

Benefits of Telematics for Young People

We argue that there are a number of better options for improving accident rates and reducing premiums for young people. For example, insurance prices for young

people can be substantially reduced if they opt for telematics insurance policies, which can also significantly improve driving.

A lower premium that reflects individual risk

Young people are commonly priced much higher than older age groups in traditional motor insurance, reflecting the greater risk of this group as a whole. However, their lack of driving history and No Claims Bonus means there are a large number of young individuals who pay far more for their insurance than justified by their actual risk.

Amongst the 17-21 year olds that we quote for on a leading price comparison site, insurethebox products offer the lowest price more than 40% of the time⁵. A recent survey of our customers showed that they saved an average of £618 on their motor insurance, and this figure rises to £971 for under 25-year-olds who are insuring for the first time⁶.

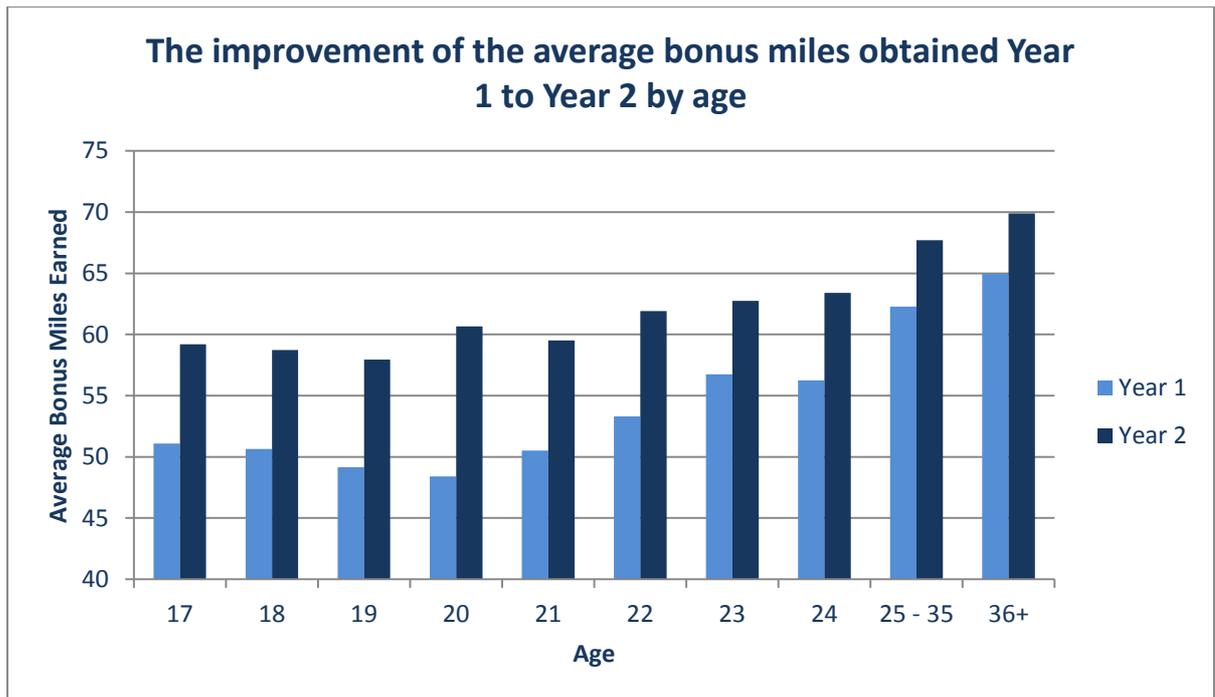
On top of substantial savings at initial purchase, telematics policies offer young people the chance to prove they are safe drivers, and so get even cheaper insurance. Analysis of renewals over last summer found that 93% of insurethebox customers aged 17 to 24 were offered price reductions when they came to renew. The average drop was 32%, with an elite group who had scored particularly well for their driving getting as much as 40% or more⁷.

Our new 'drive like a girl' product goes further and gives money back after just three months if the customer drives safely. Amongst our first 500 'drive like a girl' policyholders, more than 85% will be receiving money back after three months⁸. The insurethebox telematics model shows how many young drivers are substantially overcharged for motor insurance by being averaged with their peers and could save money by opting for telematics.

Improving Driving

Telematics is a powerful tool to incentivise and ingrain good driving habits at all ages. insurethebox gives rewards to promote good driving and is seeing strong results in this field. Good driving results in more "Bonus Miles" awarded at the end of the month. When we compare renewing insurethebox customers in their first and second years, we see an improvement in driving at all ages, but this improvement is far strongest for the youngest age group. 17-21 year olds see a 19% increase in awarded Bonus Miles, whereas 31+ year olds see a 7% improvement⁹.

Improvement in driving is rapid, especially among younger motorists. Customers aged 17-25 year are 72% less likely to cause an accident after 11 months with us than they are in their first month⁴.



Price reductions through fraud identification and claims management

Savings in telematics also come through greater control in the claims process and better fraud identification. The UK's Fraud Insurance Bureau estimates undetected general insurance claims fraud total £2.1 billion a year. Telematics policies give insurers greater powers to detect fraud, and are off-putting to potential fraudsters. Furthermore, in many cases we know immediately when there has been an accident, and can begin the claim immediately. As well as a better customer experience, this can result in a more efficient and cost-effective process, which can ultimately enable lower premiums.

Data Sources

¹ All Insure The Box Limited sales to April 2013, including data for insurethebox and drive like a girl

² insurethebox driving data to December 2012

³ Analysis of insurethebox alerts (0-5g) to April 2013

⁴ Analysis of claims made by insurethebox young drivers to April 2013

⁵ Competitiveness on a major price comparison site February to March 2013

⁶ insurethebox customer survey to March 2013

⁷ Analysis of insurethebox renewal data to March 2013

⁸ Analysis of discount scores for the first 500 drive like a girl policies to April 2013

⁹ insurethebox Bonus Miles data to April 2013

For more information on insurethebox, please visit www.insurethebox.com

For more information on drive like a girl, please visit www.drivelikeagirl.com

