



Insure The Box welcomes Government rethink on Ogden

Telematics puts the brake on insurance premiums for under 20s

www.insurethebox.com

London, 8th September 2017 – Sarah Vaughan, Head of Pricing for telematics insurance pioneer, Insure The Box gave a cautious welcome to news from the Government yesterday¹ that the Ogden rate used to calculate compensation payments for catastrophic injuries could be set between 0% and 1% under new draft legislation. Sarah comments:

“This new draft legislation is a positive step but needs to happen quickly. Uncertainty in the cost of claims can lead to yo-yoing in pricing and insurers must not forget that a move even to the top end of the range indicated by the government still means that claims costs have significantly increased since 2016. We welcome plans to regularly review the rate with the support of an expert panel and hope that this would eliminate sudden and unexpected jumps in claims costs.

“The change to the Ogden rate in February was reckless to the extreme. To impose the change without any form of consultation or apparent understanding of the impact it would have on some of the most vulnerable drivers on the road, defied belief. The youngest drivers - who have relatively more large claims and higher premiums – were hit hardest by this change and this is of course in addition to recent hikes in insurance premium tax. What we need is regular reviews and consultation prior to changes such as this not swingeing decisions imposed with no notice.

“We know from ABI² analysis of motor insurance premiums, prior to the impact of the Ogden rate change, the only age group not to see increases in their average premiums were the under 21s because the increasing use of telematics is keeping premiums under control. The

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/642810/discount-rate-response-consultation-web.pdf

² <https://www.abi.org.uk/news/news-articles/2017/07/premiums-for-young-and-old-drivers-at-record-levels/>

benefits of telematics to young drivers are undeniable – lower insurance costs, safer driving and the mobility they need to live their lives. But in just a few months, the Ogden rate change added huge cost to the sector and was predicted to push premiums up by at least 7% by next year – in the young driver market we estimated it could be as much as 15% and the sector warned of premiums reaching all-time highs.

“This ‘about face’ is therefore a good step forward but sadly it is one small victory in a host of battles the sector faces to provide customers with competitive premiums.”

Ends

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Notes to Editors

Insure The Box

Insure The Box Limited launched in June 2010 with its first product; insurethebox, and is the UK's largest telematics (or black box) insurance provider, now holding over 3 billion miles of driving data and associated claims. As well as insurethebox and drive like a girl (another Insure The Box brand) it also administers other telematics offerings.

Aioi Nissay Dowa Insurance Company of Europe Limited (ANDIE), subsidiary of Aioi Nissay Dowa Insurance Company Limited and part of the major Japanese insurance group MS&AD Holdings, Inc., acquired the majority stake in Box Innovation Group Limited (which is the 100% owner of Insure The Box) in March 2015. Together they are taking a leading role in the development of technologies that will change the face of motor insurance and the way we view the car.