

As The Insurance Industry Fools A GBP1.9 Billion Fraud Bill And Recent Reports Reveal A 44% Increase In False Claims, New Research From uSwitch.com



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Industry: [Automotive](#)

- As the insurance industry shoulders a GBP1.9 billion fraudulent claim bill and investigators report a 44% increase in fake motor insurance claims, car insurance stealth charges are also on the up

- Compulsory excess payments have been increased by 32% in the last year from GBP129 to GBP170 - 85% of drivers would pay this charge in the event of an accident

- Drivers with a compulsory excess above GBP500 has increased almost tenfold from just 0.3% to 2.7% - 1.55% of these could pay between GBP1,000 to GBP3,000 to claim

- With over 4.4 million accidents resulting in a claim each year, this GBP41excess increase will make the insurance industry GBP154 million more in the next 12 months

- The number of drivers with a compulsory excess on their policy has jumped by 4% from 81% and currently impacts 21.5 million drivers

- On top of this, the average policy price has increased by 10% from GBP478.70 to GBP526.42 for fully comprehensive cover and almost 13% for third party

As the insurance industry fools a GBP1.9 billion fraud bill and recent reports reveal a 44% increase in false claims, new research from uSwitch.com shows that providers are strategically recouping this money from consumers by hiking compulsory excess charges by almost a third (32%) in the last year. In addition, the number of drivers being hit with a compulsory excess fee of between GBP1,000 and GBP3,000 has increased almost tenfold from just 0.3% to 2.7%. Across the country, this means that in the event of an accident, drivers will now have to pay their insurer an

average of GBP170, a fee which has gone up by GBP41 from GBP129 since August 2008.

With over one in five drivers (4.4 million) claiming on their [car insurance](#) each year, insurance providers will now be making an additional GBP154 million more from compulsory excess hikes in the next 12 months. This GBP170 compulsory excess charge combined with the average voluntary excess payment of GBP197 can make claiming for an accident a costly business. In fact, any damage that costs less than GBP367 to repair really isn't worth making a claim.

Not only has the cost of compulsory excess increased over the past year, the number of drivers impacted by this fee has also risen from 81% to 85%. Whilst most consumers are familiar with voluntary excess, a compulsory tariff can often slip under the radar when selecting a new insurance policy. In fact, many drivers may not even realise that they will be hit with this fee in the event of an accident.

Mark Monteiro, insurance expert at uSwitch.com, comments: "Hiking hidden charges and exploiting consumers who don't have the time or the inclination to scrutinise the policy small print is really sneaky in such a tense economic climate. Most people don't even know that they could be hit with two excess charges in the event of an accident so this is an easy way to generate revenue. However, we can't ignore the fact that consumers do have a responsibility to read the small print when they take out a policy, but unless people actually make a claim, most don't even know that this charge applies to them."

Monteiro concludes: "Policy excess is not the only increased cost for motorists as fuel prices have also taken a hit with the recent 2p duty increase. In addition, the cost of insurance is also rising. The average policy has jumped up by 10% in the last year from for fully comprehensive cover and almost 13% for third party . To avoid these rising costs and excessive excess charges, it's important that consumers shop around every year for their car insurance. Providers rely on repeat renewals as the most competitive prices are often only offered to new customers."

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