

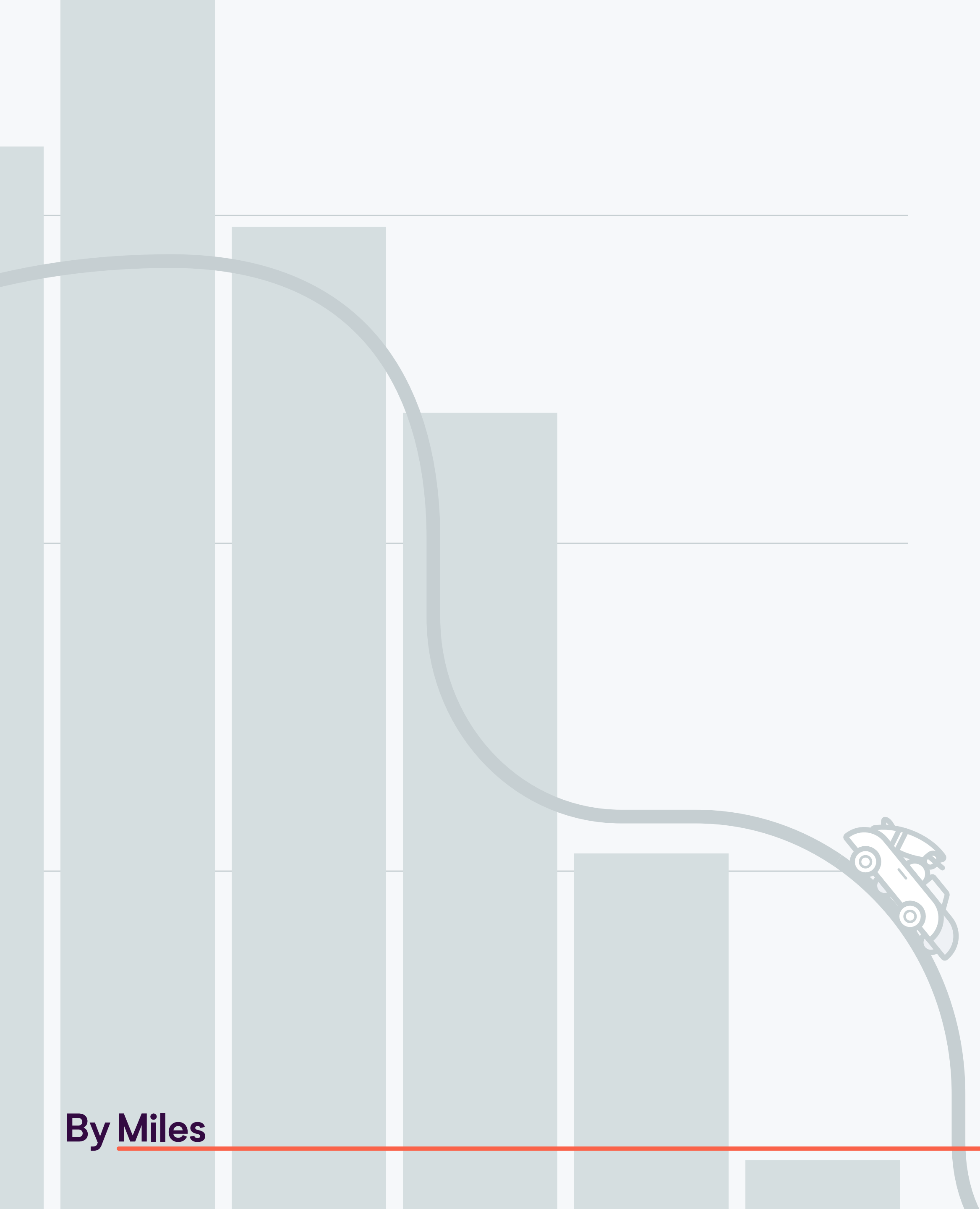
Car insurance.

The low mileage penalty.

UK drivers are paying more for driving less.

By Miles.

With MoneySuperMarket



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Why are we paying more for driving less?

By Miles

Insurance is all about trust. As a customer, you pay your premiums, and if the worst happens, you need to trust your insurer to help in your time of need. But trust in the insurance industry is at an all-time low.

People are still reeling from the insurance industry's loyalty penalty scandal, and they're now faced with a fresh one – the low mileage penalty. At a time when drivers are completing fewer miles during the lockdown, the unfairness of the traditional car insurance pricing structure is clear to see. If you drive less, you should pay less.

It's a fact that lower mileage drivers are less likely to claim, so there is no logical reason for the higher charges they're facing.

We've analysed over 1.7 million quotes from comparison site MoneySuperMarket and the findings are clear. The average car in the UK is driven 7,000 miles a year (well, 7,090 to be exact) - and if you drive under that amount, you'll end up paying an average of £180 more than those who drive over 7,000 miles.

Based on the latest government car ownership data, over 19.3 million UK motorists could be overcharged due to the low mileage penalty.

Insurers must stop inflating the premiums for lower mileage drivers to subsidise the higher claims costs from higher mileage motorists. We should be actively rewarding people for driving less. The technology we need to account for the miles people actually drive in real time already exists, and it's unfair to keep overcharging low mileage drivers just because that data isn't being properly taken into account.

As a nation, we're on a drive to lower carbon emissions and reducing car insurance costs for those that cut their mileage would be a strong incentive to reward and encourage positive changes in behaviour.

The technology is there, the data proves it. Let's just be honest - it's time lower mileage drivers got a better deal. It's only fair.

James Blackham

James Blackham
CEO and co-founder of By Miles

“At MoneySuperMarket, we want to help households across the country save money on their car insurance.

If you have a low annual mileage, you may want to consider pay-as-you-go car insurance. Insurers such as By Miles offer a fixed annual cost which covers your car while it’s parked, meaning you only pay for the miles you drive each month.

The most important thing is to shop around and find the best deal for your needs. You could save up to £269.”*

Dave Merrick

Head of Motor at MoneySuperMarket

*51% of consumers could save up to £269.82, according to Consumer Intelligence, March 2020.

By Miles



Key facts & figures.

1.7 million
customer quotes analysed.

This is how many quotes for car insurance we've analysed from MoneySuperMarket.

7,090
miles a year is the UK average.¹

This is the average annual distance driven by UK cars, according to the latest MOT data.

19.3 million
motorists being overcharged.

That's the number of UK cars being driven under the national average mileage each year.²

£180
average low mileage penalty.

This is the average amount that motorists driving under 7,000 miles a year are being overcharged by, compared to higher mileage drivers.³ Some are overpaying by much more.

5,000 to 6,000
miles a year is most popular.⁴

This is the most popular mileage bracket declared by drivers, with these drivers being charged £215 more than those driving 11,000 - 12,000 miles a year.⁵

As a high mileage driver,
you're 1.5x
more likely to claim.

Insurers seem to be ignoring the increased risk associated with driving more frequently. On average, motorists getting quotes for driving 11,000 - 12,000 miles a year are 1.5x more likely to declare a claim made in the last 5 years than people driving under the UK average of 7,000 a year⁶, suggesting they're more likely to make a claim if they spend more time on the road.

40–49
year-old experienced
drivers still overcharged.

Motorists of this age group driving 5,000 - 6,000 miles a year paid up to £150 more than those driving 11,000 - 12,000 miles⁷, in spite of many of these drivers having over 30 years of driving experience.

Up to £350
could be saved by
paying by the mile.

This is the potential saving that could be made by the people worst affected by the low mileage penalty on a pay-by-mile policy from By Miles, which rewards people who drive fewer miles with fairer pricing.⁸

¹ According to By Miles analysis of 2019 MoT figures from The Department for Transport (as of 20 May 2020, this is the latest MoT data available to the public) on [Page 17](#), 'Where did the data come from?'
² Number of affected motorists based on analysis and calculations outlined in sources 2, 3 and 4 on [Page 17](#), 'Where did the data come from?'
³ Price increase calculated using data in table titled 'Overall average quote table for age groups between 20 and 64 years of age' on [Page 12](#)
⁴ Percentages shown in table titled 'Volume of quotes analysed' on [Page 15](#)
⁵ Price increase shown in table titled 'Overall average quote table for age groups between 20 and 64 years of age' on [Page 12](#)
⁶ Claims data shown in table 'Number of claims declared in the last 5 years by estimated annual mileage' on [Page 16](#)
⁷ Price increase for this age group shown in table titled 'Average cheapest quote by age group' on [Page 12](#)
⁸ Data for price comparison shown in tables titled 'Overall average quote table for age groups between 25 and 64 years of age: By Miles vs Other Insurers' on [Page 13](#)

Drivers are still paying the low mileage penalty.

Last year we looked at over 2 million car insurance quotes from 2018 and discovered a worrying trend... Lower mileage drivers were being charged more for driving less. A year on, this unfair practice is still happening.

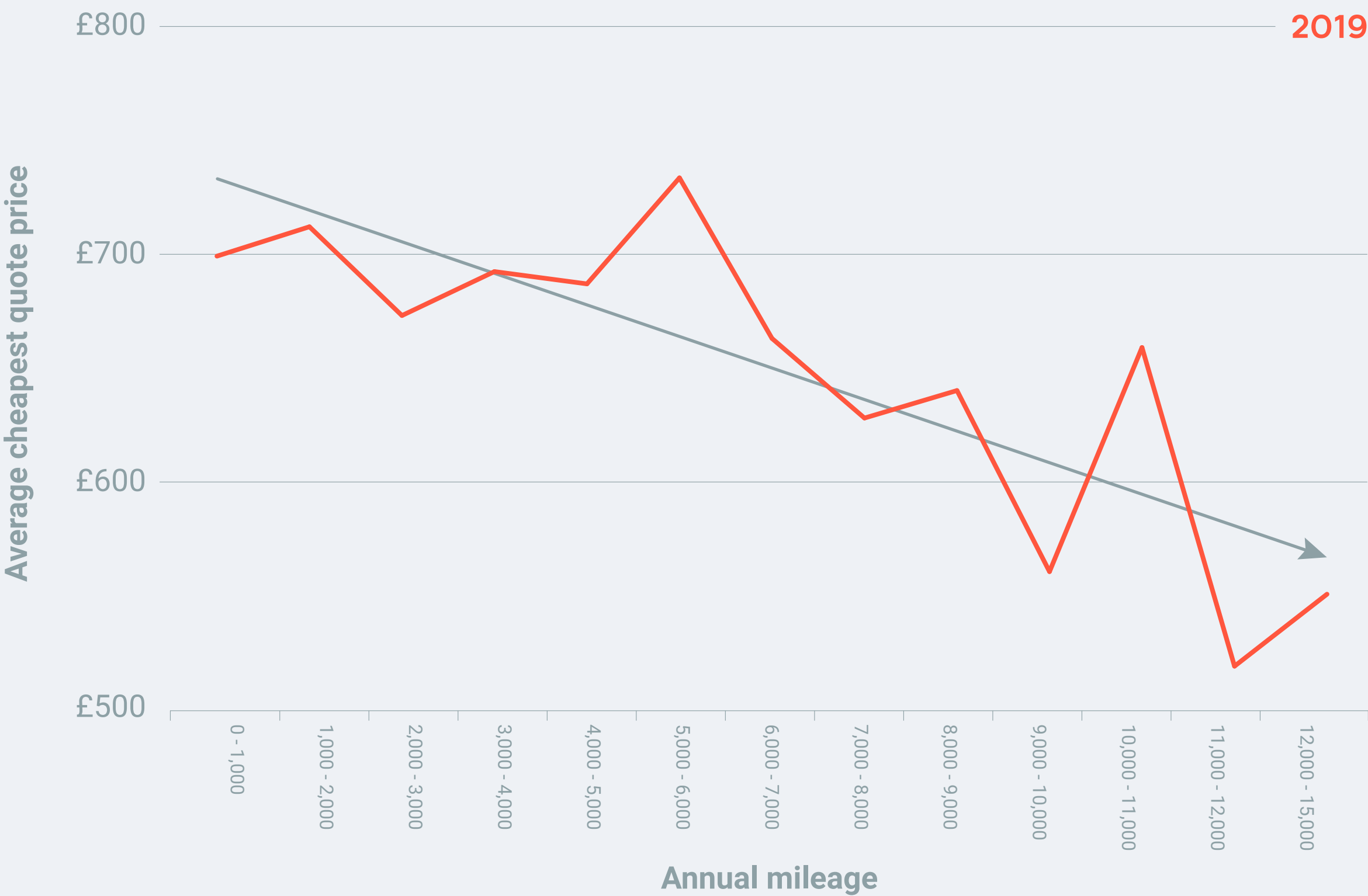
We analysed a further 1.7 million quotes from 2019 and found:

- The average low mileage driver is still being charged over £100 more than higher mileage motorists
- Some drivers are being overcharged by over £200.

The trends in pricing haven't changed either – those who say they drive 11,000 to 12,000 miles a year are still receiving the best price.

Overall, the story is clear – motorists are still paying more for their car insurance when they drive less.

The average cheapest car insurance quote by miles driven.⁹



⁹ Data shown excludes quote prices for drivers aged under 20 years old and over 64 years old.

But aren't higher mileage motorists better drivers?

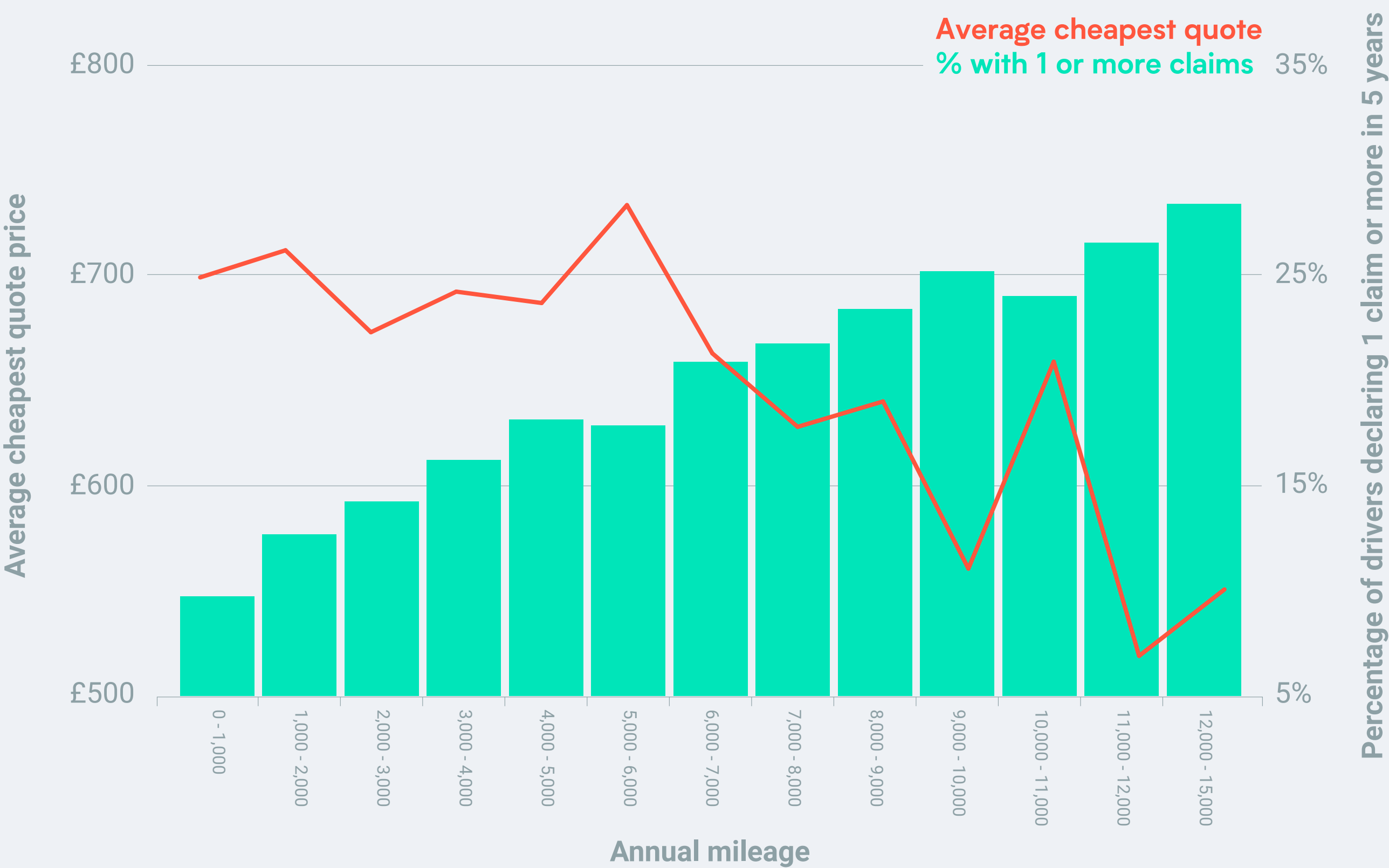
Not exactly. Claims data shows that the more miles someone drives, the more likely they are to make an insurance claim.

Motorists who said they drive 11,000 to 12,000 miles a year are around 1.5x more likely to declare making a claim in the past 5 years than the average lower mileage driver.

Despite this clearly showing that those who drive more often are prone to more risk, lower mileage drivers are still being asked to pay a higher price for their insurance.

Prices go down as mileage increases, but frequency of claims goes up. It just doesn't make sense.

Percentage of drivers declaring 1 or more claims in the past 5 years vs. Average cheapest quote.¹⁰



¹⁰ Line chart excludes quote prices for drivers aged under 20 years old and over 64 years old. Bar chart shows claims data for all age groups

Experience doesn't seem to count for much either.

It makes sense to think that the longer you've been driving, the more experienced you become and your insurance would reflect that. Unfortunately, our analysis found that all drivers pay a low mileage penalty, regardless of their age.

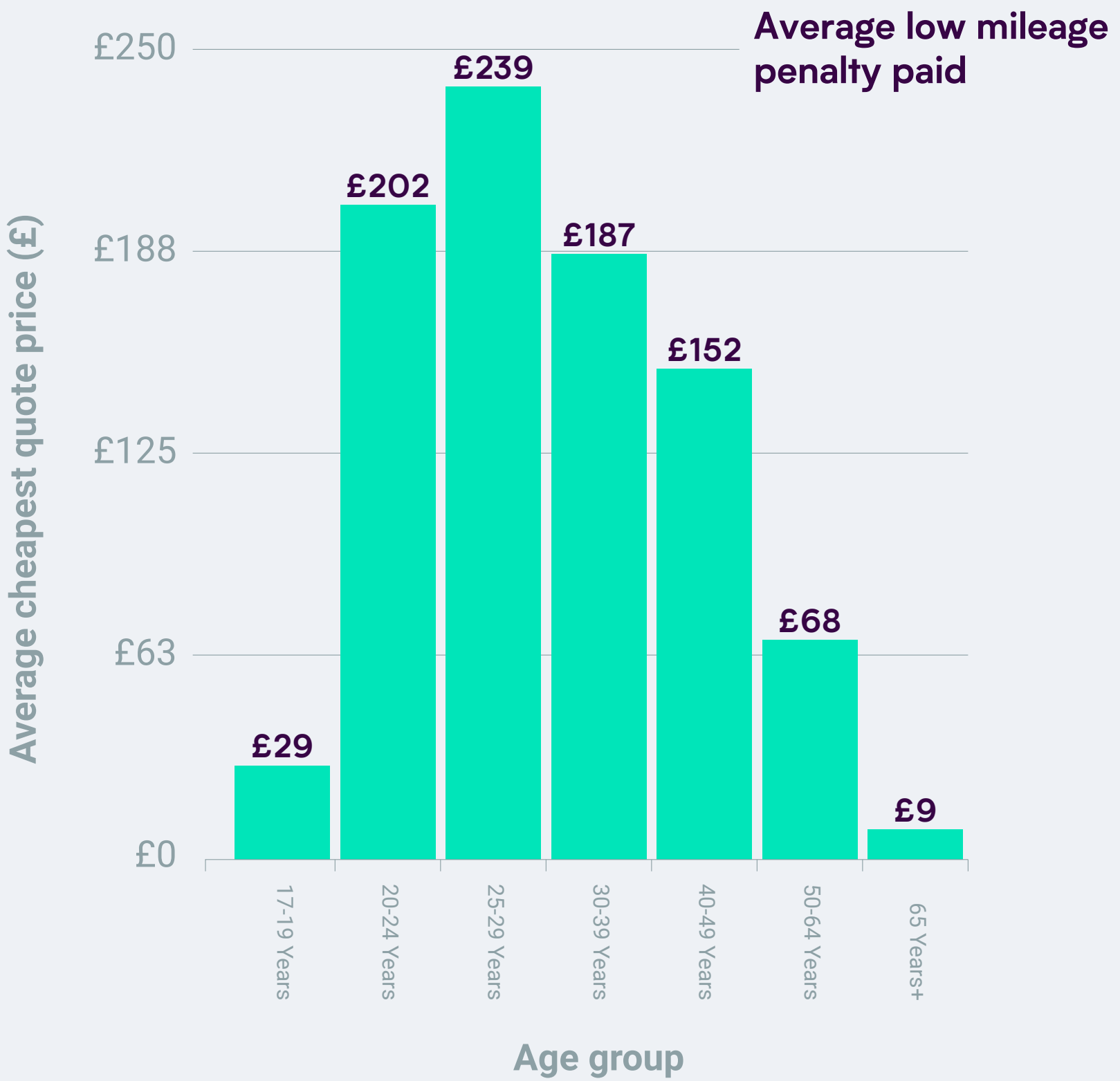
While it stands to reason that younger road users driving a few thousand miles a year may be considered inexperienced, it's hardly fair to paint drivers with 30+ years of driving history with the same brush.

We calculated the penalty drivers paid for driving double the mileage (5,000 – 6,000 miles compared with 11,000 – 12,000 miles) in each age group and found that 25 – 29 year olds were inexplicably the worst affected, with lower mileage drivers in this age group paying on average a whopping £239 more than their higher mileage counterparts.

Drivers under 19 and over 65 are deemed higher risk by the insurance industry, so their pricing remains high regardless of mileage, but the ages between this pay a penalty of between £68 - £239.

Furthermore, motorists with up to 32 years of driving experience (in the 40-49 year age bracket) still paid on average £151 more for driving half the annual mileage of others in their age group.

Average difference in cheapest car insurance quote by age bracket. ¹¹



¹¹ The low mileage penalty paid for declaring 5,000 - 6,000 miles instead of 11,000 - 12,000 miles by age group

By Miles: the less you drive, the less you pay.

Given our research, traditional insurance doesn't make sense if you don't drive much.

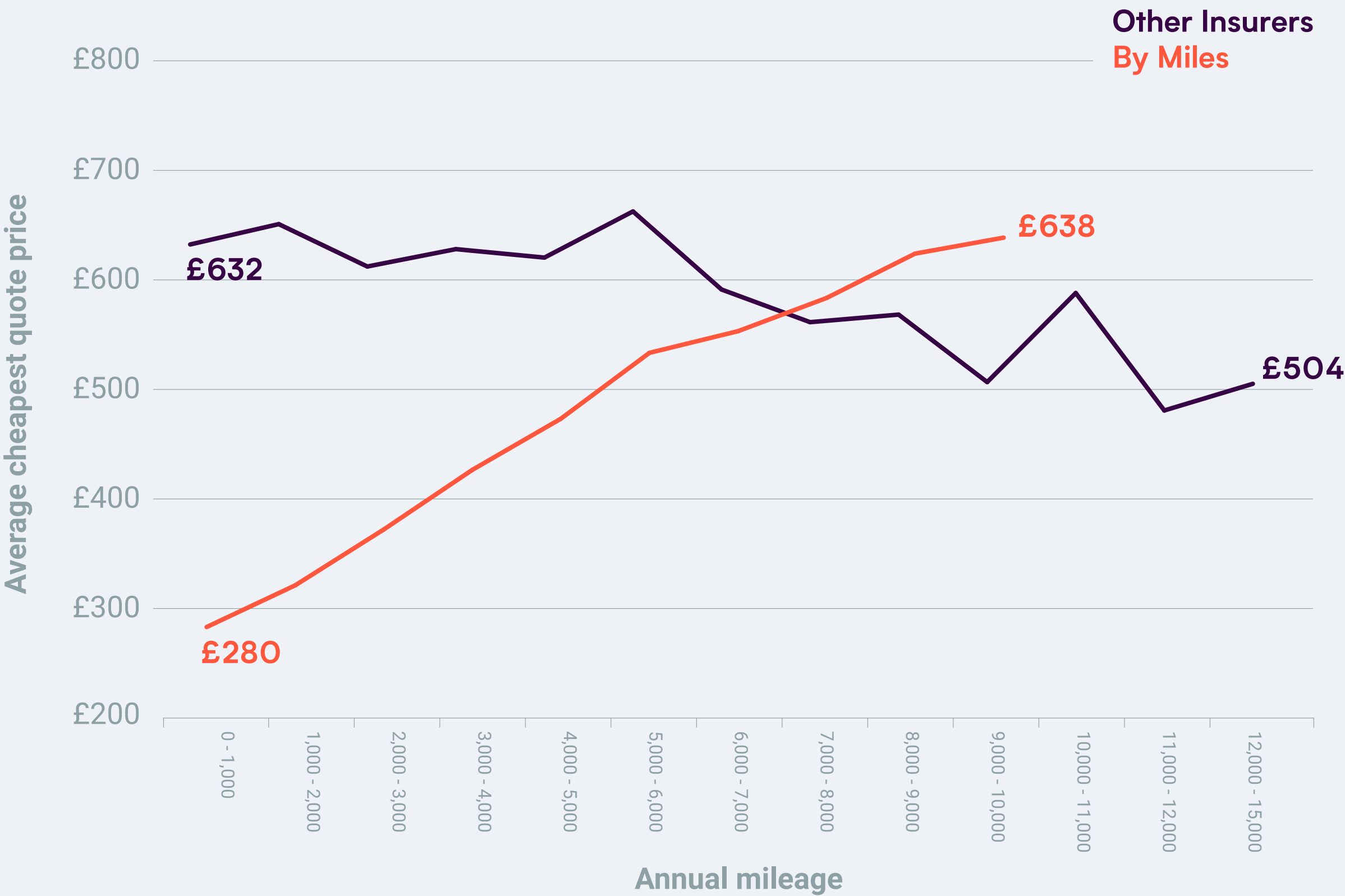
At By Miles, we believe lower mileage drivers should be rewarded for driving less. It's better for us, it's better for their wallets, and it's better for the planet.

Analysis of the cheapest car insurance quotes from By Miles shows that we do just that – the less you drive, the less you pay.

Our policies are designed to work best for drivers who drive under the national average of 7,090 miles a year, and we are transparent about this.

We also know that sometimes you need to drive further than usual, or circumstances can change, which is why we cap our per-mile charge for the year at 10,000 miles, but our members remain fully covered at all times.

Average cheapest car insurance quote By Miles vs Other Insurers.¹²



¹² Data shown also excludes quote prices for drivers aged under 25 years old, so average cheapest quotes are different from previous graphs.

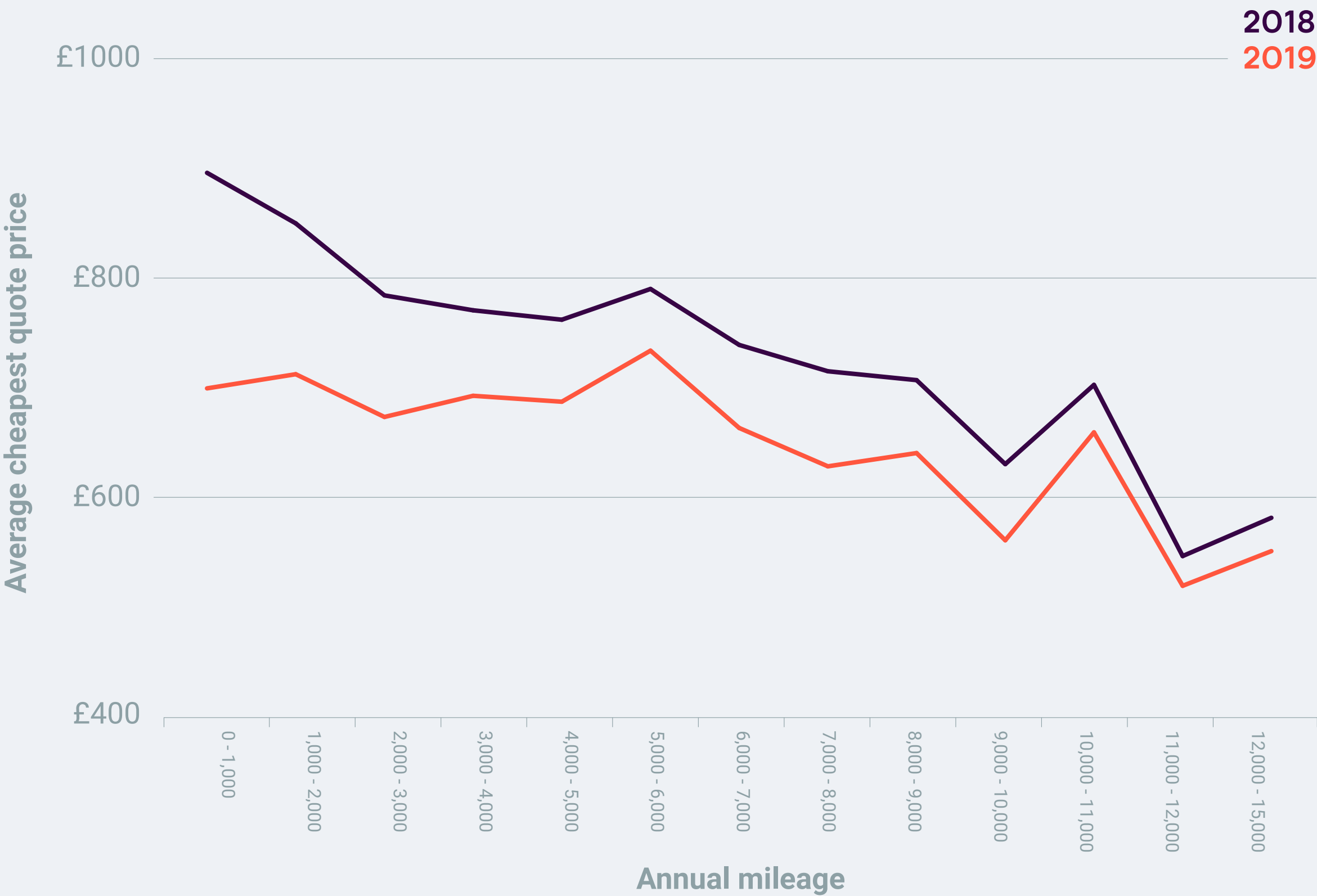
Our campaign is making a difference.

Since our first report last year, it does look like traditional insurance companies are taking note.

Is it due to new competition in the market from more flexible providers? Is it that they're looking more closely at the data? Or is it totally unrelated? We don't know.

But we do know the low mileage penalty is still an issue. It's not fair, it doesn't make sense, and lower mileage drivers are losing out on cash as a result.

The average cheapest car insurance quote by miles driven 2018 vs. 2019.¹³



¹³ Data shown excludes quote prices for drivers aged under 20 years old and over 64 years old

● The data.



By Miles

Overall average quote table for age groups between 20 and 64 years of age.

In our analysis of both 2018 and 2019’s data, the most common mileage quoted was for an annual distance of between 5,000 and 6,000 miles, while the cheapest quotes from traditional insurers were given to mileages between 11,000 and 12,000.

In 2018, the low mileage penalty between the two declared mileages was £245, and in 2019 it was £215.

Motorists driving exactly in line with the UK average of 7,090 miles potentially overpaid by £169 in 2018, and £109 in 2019.

Annual mileage estimate	Average cheapest quote (2018)	Average cheapest quote (2019)
0 - 1,000	£897	£700
1,000 - 2,000	£851	£713
2,000 - 3,000	£785	£674
3,000 - 4,000	£771	£693
4,000 - 5,000	£763	£688
5,000 - 6,000	£791	£734
6,000 - 7,000	£740	£664
7,000 - 8,000	£715	£628
8,000 - 9,000	£707	£641
9,000 - 10,000	£630	£561
10,000 - 11,000	£703	£660
11,000 - 12,000	£546	£519
12,000 - 15,000	£581	£551
15,000 - 25,000	£663	£627
Over 25,000	£947	£896
Overall average quote	£739	£663

Average quote table for age groups between 25 and 64 years of age: By Miles vs Other Insurers

To make a fair comparison between By Miles and the cheapest quote prices from other insurers, quotes returned for age groups that By Miles does not currently cover were removed from the data (17 – 25 years).

With this age range removed, the most common mileage quoted remained between 5,000 and 6,000 miles, and the penalty for driving lower mileages still exists.

Annual mileage estimate	Other Insurers Average cheapest quote	By Miles Average cheapest quote
0 - 1,000	£632	£280
1,000 - 2,000	£651	£319
2,000 - 3,000	£612	£370
3,000 - 4,000	£628	£425
4,000 - 5,000	£620	£472
5,000 - 6,000	£663	£533
6,000 - 7,000	£591	£552
7,000 - 8,000	£561	£583
8,000 - 9,000	£568	£624
9,000 - 10,000	£506	£638
10,000 - 11,000	£588	
11,000 - 12,000	£480	
12,000 - 15,000	£504	
15,000 - 25,000	£582	
Over 25,000	£832	
Overall average quote	£601	£480

Average cheapest quote by age group.

In line with our analysis from 2019, the average cheapest quote price was given to drivers declaring a mileage of between 11,000 – 12,000 miles a year, with only the eldest and youngest drivers seeing more competitive quotes for lower mileages. This is perhaps given those age ranges are categorised as higher risks, so less time on the road is positively rewarded with lower pricing.

Cheapest annual quote

Annual Mileage Estimate	17–19 Years	20–24 Years	25–29 Years	30–39 Years	40–49 Years	50–64 Years	65 Years+
0 - 1,000	£1,622	£1,351	£1,060	£774	£598	£376	£315
1,000 - 2,000	£1,498	£1,238	£1,026	£779	£597	£402	£332
2,000 - 3,000	£1,469	£1,209	£956	£727	£559	£383	£324
3,000 - 4,000	£1,438	£1,187	£972	£731	£573	£402	£332
4,000 - 5,000	£1,404	£1,172	£939	£721	£565	£390	£333
5,000 - 6,000	£1,452	£1,186	£972	£743	£589	£422	£345
6,000 - 7,000	£1,396	£1,105	£893	£671	£529	£388	£333
7,000 - 8,000	£1,428	£1,080	£847	£640	£502	£375	£339
8,000 - 9,000	£1,427	£1,080	£839	£636	£509	£394	£344
9,000 - 10,000	£1,417	£1,017	£771	£586	£452	£360	£330
10,000 - 11,000	£1,501	£1,123	£860	£654	£523	£412	£363
11,000 - 12,000	£1,423	£985	£734	£556	£438	£354	£336
12,000 - 15,000	£1,509	£1,037	£766	£580	£469	£381	£358
15,000 - 25,000	£1,595	£1,160	£872	£672	£534	£437	£403
Over 25,000	£2,073	£1,606	£1,271	£988	£745	£579	£555

Volume of quotes analysed.

The graphs show the proportional distribution of the 1,729,237 total quotes analysed.

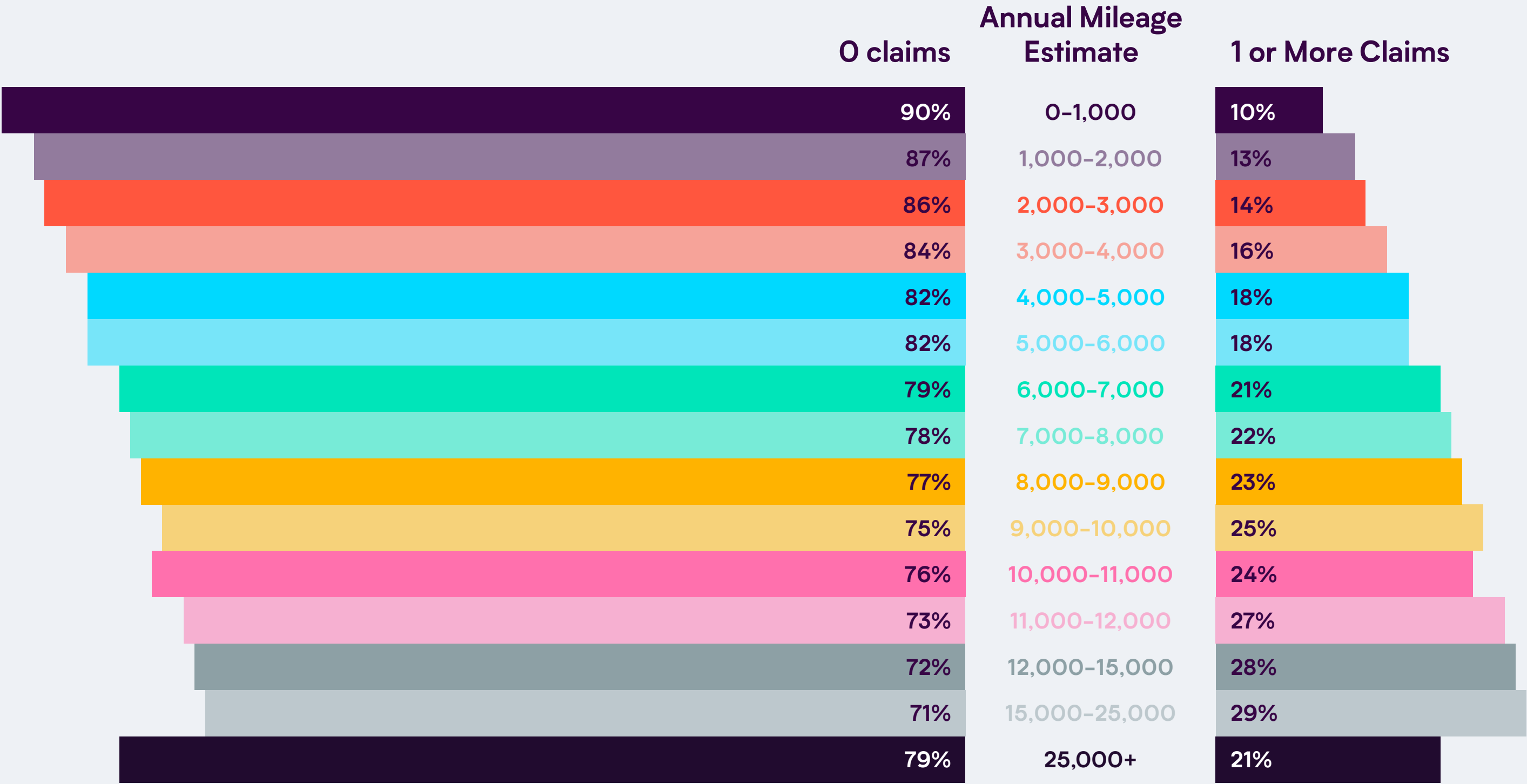
The most commonly declared annual mileage was 5,000 – 6,000 miles (16%), while the most quotes by age group were seen by drivers aged 30-39 (22% of all quotes).

Age Range	Total Number of Quotes	% of Quotes
17–19 Years	91,669	5%
20–24 Years	175,801	10%
25–29 Years	187,984	11%
30–39 Years	382,291	22%
40–49 Years	322,368	19%
50–64 Years	359,668	21%
65 Years+	209,456	12%

Annual Mileage Estimate	Total Number of Quotes	% of Quotes
0–1,000 11,691 quotes		
1,000–2,000 51,494 quotes		
2,000–3,000	78,800	5%
3,000–4,000	122,902	7%
4,000–5,000	130,583	8%
5,000–6,000	283,567	16%
6,000–7,000	187,428	11%
7,000–8,000	112,864	7%
8,000–9,000	202,574	12%
9,000–10,000 65,249 quotes		
10,000–11,000	239,954	14%
11,000–12,000 27,515 quotes		
12,000–15,000	111,365	6%
15,000–25,000	83,288	5%
25,000+ 19,963 quotes		

Number of claims in the last 5 years by estimated annual mileage.

The graph shows what proportion of the 1,729,237 total quotes analysed had 1 or more claims declared.



Where did the data come from?

Methodology.

- 1 Data based on 1,729,237 quotes from car insurance providers on MoneySuperMarket.
- 2 Data period: 1 July 2019 to 30 Sep 2019.
- 3 Prices shown are the average price of the cheapest car insurance quotes returned for each age and annual mileage group.
- 4 Analysis of other insurers pricing excludes By Miles price data.
- 5 Excludes:
 - a Duplicates (one enquiry per MoneySuperMarket customer email address)
 - b Outliers
 - c People on provisional licences

Sources.

- 1 Data based on 1,729,237 customer quotes from car insurance companies on MoneySuperMarket run between 1 July 2019 to 30 Sep 2019. Prices shown are the average price of the cheapest car insurance quotes returned for each age and annual mileage group.
<https://www.moneysupermarket.com/car-insurance/pay-as-you-go/>
- 2 31.9 million cars licensed in the UK as of April 2020, according to the Department for Transport
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/882196/vehicle-licensing-statistics-2019.pdf
- 3 11,534,924 out of 19,114,682 cars drove 7,090 miles or under per year (60.35% of all UK cars). UK average of 7,090 miles a year in 2018-19 joined data, according to the latest MoT data from the Department for Transport. Cars under three years old not are not included in the MOT data.
<https://data.gov.uk/dataset/e3939ef8-30c7-4ca8-9c7c-ad9475cc9b2f/anonymised-mot-tests-and-results>
- 4 60.35% of 31,900,000 cars is 19,251,650 cars. This suggests nearly 19.3 million drivers are still in danger of being overcharged for car insurance, according to analysis of the data above.

About the authors.

About By Miles.

By Miles is a UK company that provides pay-as-you-drive car insurance to those who drive fewer than 7,000 miles a year. Drivers pay a small upfront sum for an annual policy and are then billed at the end of each month for the actual miles they drive. This offers many drivers the opportunity to cut their bills if they mostly use their cars for regular short trips or at weekends.

By Miles policies are fully comprehensive, underwritten by a panel of insurers including AXA Insurance UK Plc and La Parisienne Assurances, and as of 30th April 2020 were rated 4.8 out of 5 on Trustpilot. By Miles is authorised and regulated by the Financial Conduct Authority.

About MoneySuperMarket.

MoneySuperMarket is the UK's leading price comparison website. They provide free, online tools to help people manage, save and grow their money, by enabling them to compare and switch Insurance, Money and Home Services products from more than 980 providers across 44 different channels.

MoneySuperMarket is part of the Moneysupermarket Group PLC, an established member of the FTSE 250 index. In 2017, they helped nearly eight million families save an estimated £2bn on their household bills, including five million people who saved money on their insurance, two million who got a better deal on their finances and over half a million households that switched their energy supplier.

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For energy products, MoneySuperMarket is accredited under the Ofgem Confidence Code.

Words and numbers.

Simon Rawlins, By Miles
Oliver Baxter, By Miles
Adam Jepsen, By Miles
Matt Wood, By Miles
James Blackham, By Miles
Emma Garland, MoneySuperMarket
Dan Hodsden, MoneySuperMarket

Design and graphics.

Ed Morgan
Jay Yang

By Miles.