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Insurance fraud DOWN 13% but Car Insurance Premiums went UP 12%

Campaigning law firm Thompsons Solicitors today condemned the hypocrisy of insurers who in 2016 increased the price of the average motor insurance policy by 12% despite a 13% drop in reports of car insurance fraud.

Annual crime figures provided by Cifas, a cross-industry body tackling fraud and released by the Office for National Statistics on 19 January, show insurance fraud reduced by 13% for the year ending September 2016.

Figures released by the AA show that comprehensive cover rose by 12% to an average cost of £633 at the end of 2016.

Thompsons argues that the ONS data is the latest example of the industry's continued hypocrisy and evidence of its unwillingness to come good on 'pledges' and 'promises' to pass on savings to consumers. They say that exaggerating the issue of fraud and its impact on policy prices has fuelled an aggressive insurance industry lobbying agenda which – if successful - will rob millions of people of their rights to legal protection*.

“Motor insurers constantly talk about high levels of fraud as being one of the reasons it can't reduce premium prices for policy holders and yet this independent data shows reports of fraud declined 13% in 2016,” said Tom Jones, head of policy at Thompsons Solicitors.

“From alleged ‘whiplash epidemics’ to ‘compensation culture’ or ‘rampant fraud’ – insurers will do anything to distract attention away from their burgeoning profits. They have whipped up storm after storm without a shred of independent evidence to back any of their wild claims up. There is in reality no good reason for us to all pay more for motor insurance, especially as evidence from the Association of British Insurers themselves shows they've saved over £8bn on claims costs in the last five years.

“Policy prices remain high because they're choosing to prioritise feeding the fat cats at the top of the industry – from multi-million pound shareholder dividends to eye-wateringly high CEO packages. The power to lower premiums and pass on savings is in their hands, but instead they're opting to pocket the profit.”