

Highest ever car insurance premiums and Direct Line increases profits 9.5%

Direct Line have been challenged today (Tuesday 1 August 2017) to explain a 9.5% increase in operating profits from motor insurance at a time when consumers face the highest car insurance premiums ever.

Direct Line's half year results show that its **operating profit increased by 9.5% to £354.2m** (£323.6m in the same half of 2016). Meanwhile, the average cost of comprehensive car insurance cover is at a record high of £690, an increase of 19.6% in a year.

In early 2017, Direct Line increased its prices to its customers by 6.6% compared with the same time in 2016, blaming the increase on proposed plans to adjust the method of calculating compensation for victims of serious and life changing injuries – and on an 'anticipated increase in claims inflation'

In fact in its half year report Direct Line acknowledges that 'bodily injury claims continued to trend more favourably than expected', which means that they have paid out less than expected.

Tom Jones, head of policy at Thompsons Solicitors, said: "Direct Line is unapologetic that it has bumped up premiums for its customers, increasing both profits and dividends for its shareholders."

Campaigning law firm [Thompsons Solicitors](#) has long called for Direct Line and all other motor insurers to be forced to be transparent about how it is calculating premiums, a call that has been given extra emphasis following a Telegraph investigation revealed repair costs were being inflated by as much as 100%.

"This is yet another example of insurers delivering more for the bottom line and their shareholders than the customer. This is a consistent pattern over years and the government needs to stand up to an industry that is unabashedly profiteering at the consumer's expense. Motorists have no choice but to buy their products and the insurance industry is taking them for granted.

"The government is under pressure from insurers to change the law to make it more difficult for those injured on the roads or at work to make a claim for damages - insurers claim there is a 'compensation culture' and a whiplash epidemic and the only way to lower prices for

motorists is to restrict access to justice for anyone injured anywhere. But they are keeping quiet about the £8bn they have saved in the last few years and they don't mention that last year road accident claims dropped by 7% and workplace accident and disease claims by 21%. What we really have is [fat cat](#) insurers' with an insatiable appetite for profit refusing to be transparent and no one in government prepared to call them out."