**VARIATION OF INSURANCE COSTS OVER TWENTY YEARS**

Meta Description:

An article about how drastically your insurance costs have varied over the past twenty years.

Keywords:

insurance cost variation, car insurance, home insurance, insurance rates

What is insurance?

In generic terms, insurance is a lump sum payment assured by an insurance organization during underwriting your policy – for the duration the insurance policy is in force, the sum will be paid to you if there is any kind of damage reported to the asset being insured. While insurance policies are of many types, each major category covers a class of tangibles that can be grouped together into a single category. Popular examples for insurances include property, land, businesses, malpractice, and of course, your life.

A study published by Automobile Association, an insurance organization well-established in the United Kingdom, has shown that the rates for car insurance has almost tripled, while home insurance rates have remained constant; relatively. This new research has revealed the reasons how, over the last two decades, there has been a contrasting insurance cost variation.

Insight into the AA research:

The research study has exhibited that the costs of car insurance has gone up three times the standard prices in 1994, while on the other hand, home insurance rates have been relatively steady since. Why did this happen?

The company tracked the premiums being paid once every three months on new insurance plans since 1994 in the United Kingdom. According to their figures, recent car insurance prices have a standard rate of approximately nine hundred GBP – thrice the price of the 1994 standard, close to three hundred GBP. This has been correlated to the forty percent decline in road accidents along the timeline, albeit the number of vehicles on the road have increased largely since (approximately around ten million in number). The other explanation is that there has been a rise in personal injury claims (especially whiplash), which led to doubling of car insurance prices between 2006 and 2011. They might have fallen since 2012, but the resulting price is almost three times as high.

Buildings insurance has also been reported to have increased in cost by approximately one-fifths the price in 1994, while contents insurance has decreased by one-twentieth. Homes have become safer since 1994 – building fires were reduced by forty percent, while domes burglaries reduced by sixty seven percent. These reasons are why home insurance has stayed steady since 1994, while car insurance has increased by a large margin.