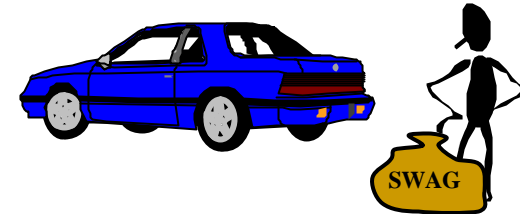


Insurance Rates

Data Sheet



The table below gives figures for some of the most serious crimes committed in regions of England and Wales in 2004/5. The given values are rates per 100 000 of the population in each region.

	Violence	Burglary	Robbery	Vehicle Theft	Theft from Vehicle	Other Theft & Handling	Fraud/ Forgery	Criminal Damage
North East	1636	1301	89	429	818	2185	314	2889
North West	2113	1506	168	549	981	2334	443	2845
Yorkshire & Humber	2038	1740	98	602	1124	2431	450	2812
East Midlands	1876	1571	124	419	1011	2440	525	2299
West Midlands	1946	1323	199	481	866	2031	551	2098
East	1586	955	83	330	790	2144	460	1965
London	2747	1380	529	651	1195	3798	963	1841
South East	1646	1004	72	316	797	2236	473	2016
South West	1722	1082	75	307	838	2132	445	1896
England	1963	1301	176	459	944	2461	539	2242
Wales	1816	997	37	442	887	1912	314	2190
England & Wales	1955	1284	168	458	941	2431	527	2239

Source: Regional Trends (Table 9.1) available from www.statistics.gov.uk



Insurance Rates

Use the information on the Data Sheet to answer the following questions:

- 1 a) Estimate the probability of being the victim of a robbery in (i) England
(ii) Wales
b) Interpret your answers to part a).
- 2 a) In which part of England are you **most likely** to:
(i) have your vehicle stolen (ii) have something stolen from your vehicle?
b) In which part of England are you **least likely** to:
(i) have your vehicle stolen (ii) have something stolen from your vehicle?
c) What effect do you think this will have on the cost of vehicle insurance in the parts of England you have identified in your answers to parts a) and b)?
d) Investigate whether or not your answer to c) agrees with actual insurance rates.

- 3 According to a report, the average cost of home insurance for a three-bedroomed semi-detached house in regions of England and Wales are as given in the table:

Region	Average Cost
North East & Yorkshire	£306
North West	£363
Midlands	£292
East Anglia	£279
London	£476
South East	£315
South West	£270
Wales	£267

- a) Discuss to what extent these figures reflect the crime figures on the Data Sheet.
 - b) The report also said, 'Douglas on the Isle of Man is the cheapest place to live for contents cover at £105.' List possible reasons why this might be the case.
- 4 a) Apart from loss of possessions, what else can you insure against?
b) Investigate insurance rates for one of the suggestions you have made in part a) and explain how probabilities may lead to some of the differences in rates that you find.



Teacher Notes

Unit Intermediate Level, Calculating Finance

Notes on the activity

The Data Sheet gives crime figures for regions of England and Wales in 2004/5. The original figures can be found in Table 9.1 of Regional Trends 39 available from www.statistics.gov.uk. The original table also includes data for other crimes and for Scotland and Northern Ireland. The crime figures are also available on a spreadsheet with the same name – this could be used to calculate percentages and put them in order.

Students may not know the difference between some of the terms used eg theft and robbery. Some definitions are given below:

Theft means taking someone's property, intending not to return it.

Robbery is where a person uses force or fear to steal from a person.

Burglary is where someone enters a building intending to steal, damage property or harm or rape someone.

The average rates for home contents insurance given in question 3 are those reported in 'Home insurance postcode lottery' from <http://news.bbc.co.uk/2/2235684.stm#1>. This report also gives the average cost for Scotland and Northern Ireland and also some individual towns and cities. If you have access to the internet, learners could download the report and Question 3 could be extended by asking them to find and compare crime figures for towns or cities that are of interest to them.

Answers

- 1 a) (i) 0.00176 (ii) 0.00037
b) You are about 3 times as likely to be robbed in England than in Wales.
However it is still an unlikely event.
- 2 a) (i) London (ii) London b) (i) South West (ii) East
c) Higher vehicle insurance rates in London and lower in the South West and East.
d) Vehicle insurance rates can be found on the internet. Learners should find that actual insurance rates to some extent reflect the answers given in part c).
- 3 a) The insurance rates generally reflect the burglary figures, but not exactly. For example, the lowest insurance rate is in Wales and the burglary rate in Wales is also low, though not the lowest. The lowest burglary rate is in the East. East Anglia is third lowest for home insurance, but it is not clear from the available information whether or not this is exactly the same region. London is the most expensive area for home insurance, but the burglary rate, although high, is not the highest. Insurance costs will also depend on other factors such as the value of contents.
b) Many possibilities eg low rate of crime, difficulty of taking stolen goods off the island, value of home contents may be low etc.
- 4 Many possibilities eg illness, injury, death, loss of job, holiday cancellation etc

