



Car insurance price index

The most comprehensive analysis of
car insurance pricing in the UK

Quarter 3 - 2017

Executive summary

Car insurance prices now £100 more expensive than a year ago

The Confused.com car insurance price index, which has gathered data since 2006, is the most comprehensive analysis of car insurance pricing in the UK. Published every three months, it looks at more than six million car insurance quotes per quarter to provide insight and analysis across the market.

The latest index shows that, despite a short-term steadying of prices, the average UK driver is paying £101 more than 12 months ago – an increase of 14%. The average comprehensive car insurance policy now stands at £838. This is just £20 less than the highest-ever average premium – £858 – seen in the second quarter of 2011.

Over the last quarter, motorists may have felt some relief, with average prices dropping by -1% (-£9) since the previous quarter. However, we've more recently seen an upturn, with a 1% increase in September alone.

The data also shows that the gap between what the sexes are paying has widened. On average, men and women are paying £890 and £774 respectively. This £116 difference is only £5 short of the pre-EU gender directive gap.

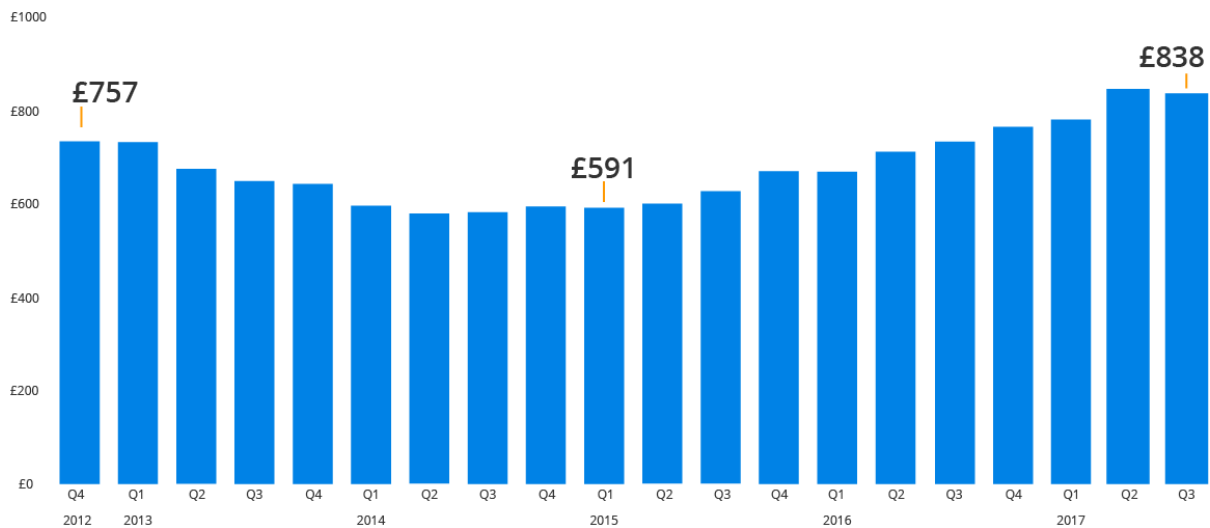
Looking ahead into the near future, for many cash-strapped motorists it's looking likely that car insurance prices will reach record highs before 2018 is out. With this in mind, it's imperative that drivers of all ages seek to reduce the cost of motoring wherever they can. Shopping around at renewal time might be a good start, as drivers could save up to £289* through Confused.com.



The overall picture

What were the major changes this time?

Prices predicted to hit record highs before the year is out



Car insurance prices are £100 more expensive than a year ago, after accelerating by 14% over the past 12 months. UK drivers are now paying £838 on average for their car insurance, according to the latest Confused.com's car insurance price index, powered by Willis Towers Watson.

Car insurance is still on course to be at its most expensive ever by 2018, following a price increase of 65% over the past decade – equivalent to a rise of £329 in real terms. But drivers have had a brief respite from rising motoring costs, as car insurance prices steadied this quarter.

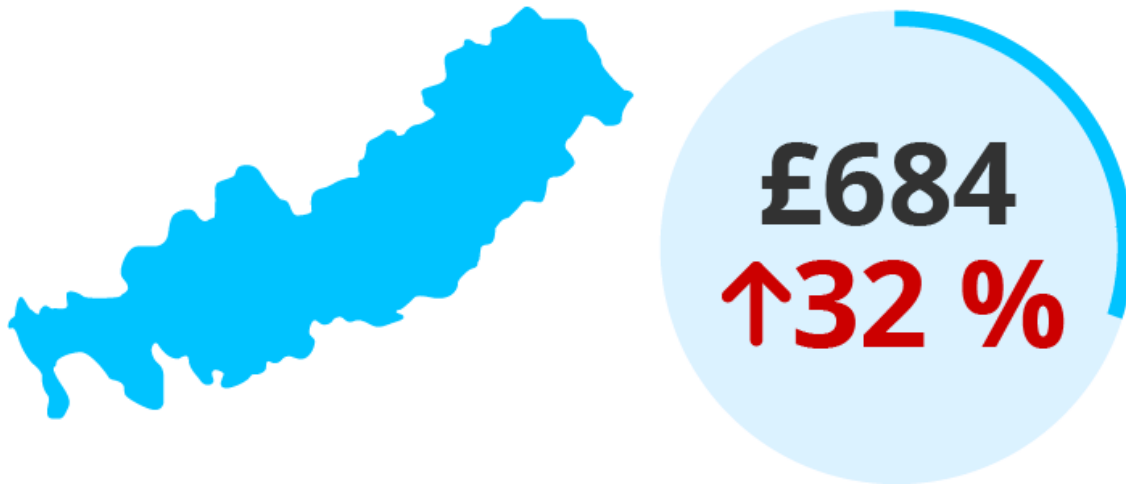
This is following a minor -1% (-£9) dip in prices, which can be attributed to insurers readjusting after a period of pressure on the industry. This was due to the Ogden rate cut, which sees insurers paying out more for personal injury claims, and an increase in Insurance Premium Tax (IPT) in June.

However, the slowdown is looking to be short lived. Looking at car insurance month-by-month, drivers may be dismayed to hear that prices are on the upturn, with a 1% increase in September alone.

Price by region

What's going on in your area?

Borders of Scotland



Looking to the regions, Scotland appears to have suffered the most. Drivers living in the Borders of Scotland have faced the biggest increase in pricing of any other area this quarter, with premiums shooting up by 12% (£76) in just three months to £684.

This region has also seen the biggest annual price rise of 32% (£164) – more than double the national average.

Price by region

What's going on in your area?

Northern Ireland



↑ £163

East of England



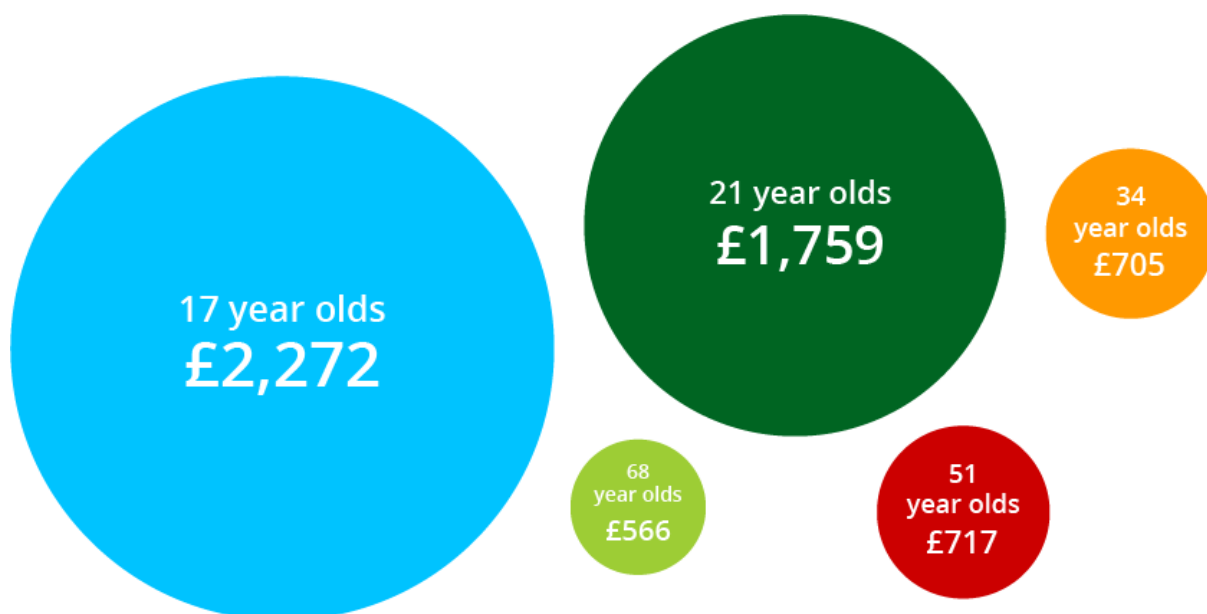
↑ £102

Drivers living in the East of England, Northern Ireland and the Borders of Scotland are now paying the most expensive premiums they've ever paid. And motorists from Inner London, Outer London, Manchester and Merseyside, Northern Ireland and the West Midlands have all broken the £1,000 barrier.

Taking a longer-term view, it seems motorists in the West Midlands have suffered the most. Drivers in this region have seen their prices soar by 87% in 10 years. They're paying almost double what they were a decade ago.

Price by age

17 year olds now paying more than 18 year olds



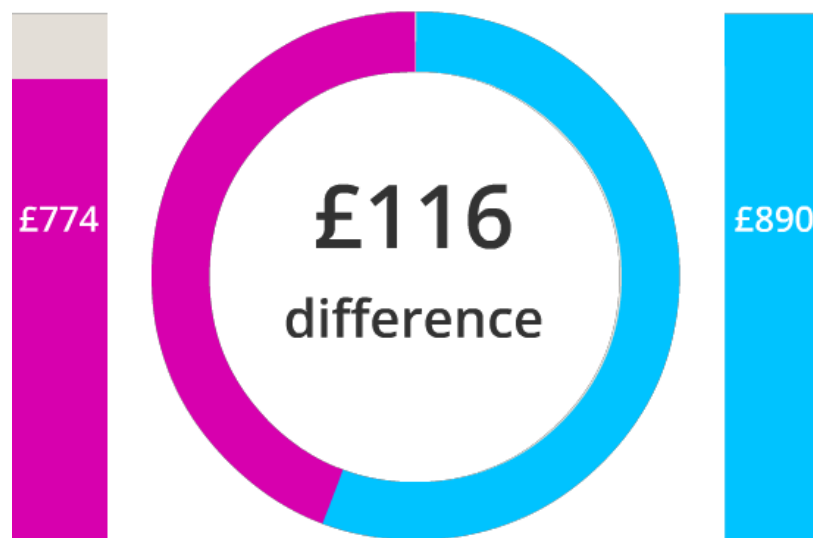
There's a marked difference in prices between different age groups, with some drivers being stung more than others.

Many older motorists – specifically those aged between 57 and 61 years old and between 66 and 69 years old – are paying more for car insurance than they've ever paid. And 61 year olds in particular saw the biggest annual and quarterly increase of any age bracket. Their insurance has ramped up by a whopping 23% (£100) since last year, and 6% (£33) over the last three months.

Monetarily, 21 year olds have seen the biggest price difference over the last 12 months, and are now paying £279 (19%) more than they were a year ago. Whereas 17 year olds have swapped places with 18 year olds, and are now paying the most for car insurance of any other age. Their average premiums stack up at a pricey £2,272 and £2,266 respectively.

Price by gender

Battle of the sexes



While female drivers have seen their car insurance bump up by £91 (13%) to £774 since last year, men have borne the brunt of the price hike, with a £109 (14%) increase to £890 for their average premium.

Even though there are rules in place to prohibit insurers from assessing a driver's risk on their gender, this data nonetheless shows a disparity between what men and women are paying. Men are now shelling out £116 more for their car insurance than women. This is just £5 shy of the pre-EU gender directive gap in 2011. The legislation came into effect in December 2012.

However, this gap is linked to the fact that men tend to drive more expensive cars with larger engines, on average, which means they have more expensive claims. And they have significantly more convictions than women.

Expert view

Amanda Stretton, motoring editor at Confused.com says:

“With car insurance costs rising by 65% over the last decade and 14% in the last year, it’s no wonder drivers are dreading their next renewal date.

“The dramatic Ogden rate cut from 2.5% to -0.75% in February 2017 sparked a surge of car insurance price hikes across the UK, in an already inflating market, as insurers braced themselves to pay out more for personal injury claims. The recent government announcement to change the way rates are set could partly reverse the cut by up to 1%, meaning insurers have seemingly been able to calm their pricing slightly this quarter. Even so, we expect this will be short lived given that prices have already started to rise again in September.

“Worryingly, there is every possibility that car insurance prices will be the most expensive on record the first half of next year. Luckily, insurers are required to show drivers what they paid for their car insurance last year at point of renewal. Drivers wanting to make savings should take note of their renewal price, and take a few minutes to get a comparable quote online at Confused.com, where they could save up to £289*.”



Note to editors

*Based on online independent research by Consumer Intelligence during August 2017, 50% of car insurance customers could save £289.

More than six million quotes are used in the construction of each quarter's insurance price index. This makes it the most comprehensive insurance index in the UK. Unless otherwise stated, all prices referred to are for comprehensive cover.

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About the index:

The index is compiled using anonymous data from all enquiries submitted on Confused.com. In line with the draft Office of Fair Trading (OFT) commitments on the use of competitor price data, the prices used for calculating the index are based on an average of the best five quotes received on Confused.com. The OFT closed on 1 April 2014 and the commitments are now governed by the Competition and Markets Authority (CMA).