



Car insurance price index

The most comprehensive analysis of
car insurance pricing in the UK

Quarter 1 - 2018

Executive summary

Car insurance prices U-turn for the first time in three years

The Confused.com car insurance price index began in 2006 and 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, which covers the first three months of 2018, shows that UK drivers are now paying £768 on average for an annual car insurance policy. This is down £13, or 2%, over the past 12 months, a small win for drivers after facing a raft of price rises in recent years.

Insurers seem to have softened prices as the Government announces a review of the Ogden Rate discount, expected in April 2019, which could mean insurers pay out less when drivers make a claim. The Government has also announced a reform to the way whiplash claims are calculated and paid, which may have also had an impact.

The significance of these announcements can be seen within the last three months (Q1 2018) especially, as Confused.com's index reveals prices typically dropped by £59 (-7%).

However, separate research by Confused.com reveals customers who renew with the same insurer are not benefitting from these savings. In fact, drivers who renewed their car insurance between January and March this year saw their premiums go up by £45 on average.

With this in mind, Confused.com is urging drivers to shop around come renewal time to ensure they're getting the best deal available.

The overall picture

What were the major changes this time?

Drivers celebrate an unexpected U-turn as average car insurance prices drop for the first time in three years



Car insurance is now £13 cheaper than it was 12 months ago, a small win for drivers after facing a raft of price rises in recent years. That's according to the most comprehensive car insurance price index in the UK, which analyses more than six million quotes a quarter from Confused.com and is powered by Willis Towers Watson.

However, the average comprehensive car insurance policy is still an eye-watering £768. And research reveals customers who renew with the same insurer are not benefitting from these savings. In fact, drivers who renewed their car insurance between January and March this year saw their premiums go up by £45 on average. And worryingly, 59% stayed with the same insurer rather than seeking out a better deal elsewhere.

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The overall picture

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However, we will have to see prices drop by £269 before drivers benefit from the rock-bottom premiums of 2008 (Q2), when car insurance cost just £499 on average. In fact, prices are still £97 (+14%) more expensive than they were two years ago, and £261 (+52%) more expensive than they were 10 years ago.

Price by age

17 year old drivers have seen the biggest price reductions



Despite prices falling overall, certain age groups are bucking the downward trend. In fact, 68 year olds will be groaning as their premiums rise by £40 (+8%) since last year. However, they are only paying £543 - significantly less than the national average.

21 year olds also saw a sharp increase, with their premiums going up £38 (+2%) per policy to £1,621. But it's 18 year olds who are currently paying the most for their car insurance, as they face bills of an eye-watering £2,114 on average.

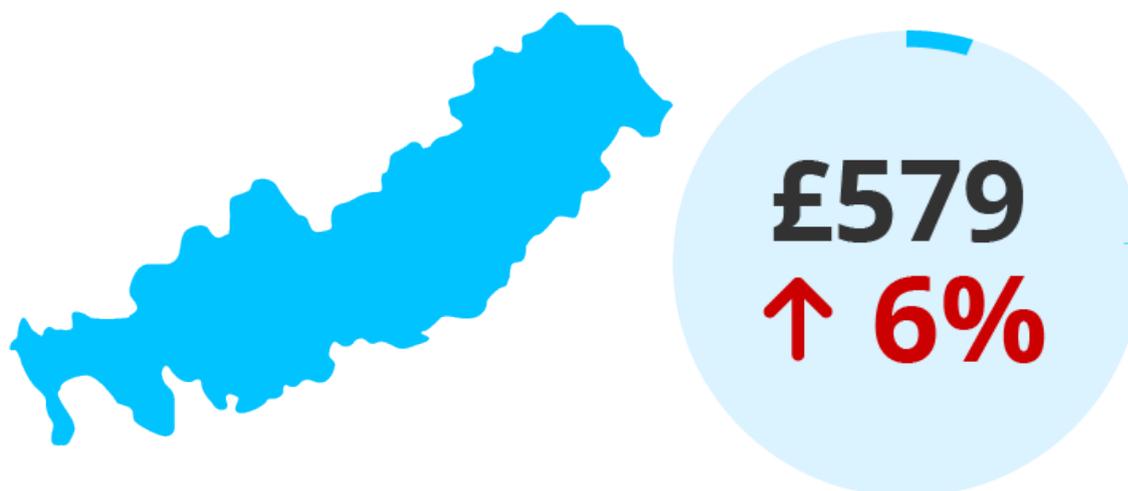
Of any age, 17 year old drivers are celebrating the biggest price reductions and are paying £118 (-6%) less than they were last year, and £201 (-9%) less than drivers of this age bracket who took out a policy three months ago. Yet, the average car insurance policy for a 17 year old driver is still a whopping £2,003, making it crucial for them to shop around when it comes to renewal.

As ever, male drivers aged between 17 and 20 are still paying the most of any demographic - £2,348 on average, compared to the £1,699 paid by their female counterparts. While female drivers aged between 61 and 65 are paying the least and less than half the national average, with a bill of just £363.

Price by region

What's going on regionally?

Borders of Scotland



Looking to the regions, motorists in Scotland will be driven to shopping around for better deals as their premiums buck the downward trend and they face another swathe of annual price increases. Motorists in the Scottish Borders have seen an increase of £32 (+6%) since last year, now paying £579.

Outside of Scotland, motorists living in Central and North Wales saw the second biggest price rises, with average premiums up by £10 (+2%) to £629.

However drivers living in Inner London are celebrating the biggest price reduction, making savings of £81 (-6%) since last year and £104 (-8%) less than those buying car insurance three months ago. While drivers living within Inner London are enjoying these cost decreases, they are the only motorists who can expect to pay over £1,000 for car insurance, on average.

On a more local level, despite the recent price rises, all areas of the UK are paying more than they were two years ago. Drivers living in the Scottish burgh of Galashiels saw their premiums go up the most since last year, reflecting a price rise of £52 (+10%) to £577 on average.

Price by region

What's going on regionally?

Inner London



Central Scotland



Yet the Hebrides is the only area to see car insurance costs go up over the last three months – a rise of 1% equivalent to £7, bringing the average premium for this area to a pricey £724.

And while there has been some respite for drivers in East London with car insurance dipping by £154 (-10%) since last year, they are still paying the most for car insurance of any area in the UK. Motorists from this area are paying £1,360 on average – a huge incentive for them to hunt around for the best deal.

Price by gender

Battle of the sexes



Despite recent price drops, some drivers are facing more expensive car insurance costs than others – particularly male motorists.

Men are paying £95 more than women, although the gap has closed somewhat since the previous quarter when it was £114.

Insurers are unable to assess a driver based on their sex, as outlined by the EU gender directive, but there are other risk factors which cause men to have higher premiums.

For example, men tend to drive more expensive cars with larger engines, on average, so they make higher-value claims. They also tend to have significantly more motoring convictions than women.

Expert view

Louise O'Shea, CEO at Confused.com, says:

"Finally drivers have had some good news with the end of rising car insurance costs in sight. However, it's clear that many motorists are not seeing these savings reflected in their renewal letters, so it's more important than ever to shop around if they want to get a better deal.

"Being loyal doesn't always pay, so to get the message across to cost-burdened drivers the team and I are guaranteeing to beat the price insurers are charging at point of renewal. If we can't beat it, we'll give you the difference, plus £20.

"Please take a few minutes to check your letter and get a new price from Confused.com. We could easily save you almost £300*."



Note to editors

*Based on online independent research by Consumer Intelligence during March 2018, 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 the 1st April 2014 and the commitments are now governed by the Competition and Markets Authority (CMA).

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