



# Car insurance price index

The most comprehensive analysis of  
car insurance pricing in the UK

**Quarter 2 - 2018**

# Executive summary

## Car insurance price rollercoaster comes to an end

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 second three months of 2018, shows that UK drivers are now paying £752 on average for an annual car insurance policy. This is down £95, or 11%, over the past 12 months, a small win for drivers after facing a raft of price rises in recent years.

However, new research reveals customers who renew with the same insurer are not benefitting from these savings. In fact, a nationally representative survey of UK drivers reveals those who renewed their car insurance with the same insurer between April and June this year (2018) saw their premiums go up by £49 on average.

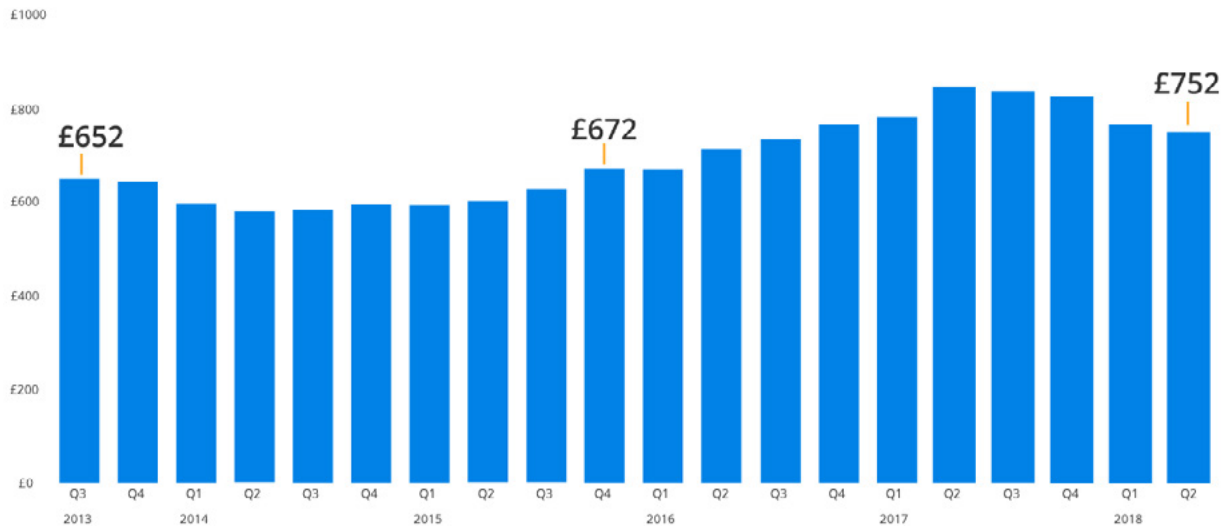
This suggests loyal customers who choose to stay with the same insurer are not benefitting from price reductions.

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 as average car insurance prices continue to fall



Car insurance is now £95 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 £752. 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 April and June this year saw their premiums go up by £49 on average. And worryingly, 58% stayed with the same insurer rather than seeking out a better deal elsewhere.

The dramatic fall in car insurance prices since last year is testament to the impact the Ogden Rate discount had on insurers. The UK Government dropped the rate to 0.75% in March 2017, meaning insurers had to pay more for personal injury claims, which drove drivers' premiums upwards significantly. However, insurers seem to have recovered from the shock of this dramatic change, and have been able to soften their prices.

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But despite car insurance premiums being significantly cheaper than last year, the dip on the last quarter is minimal (-£16/-2%), suggesting that prices might begin to flatten. In fact, it is likely insurers are already accounting for the anticipated review of the Ogden rate and drivers will fail to see much in the way of price reductions over the next year.

From a longer-term perspective, car insurance prices seem to be on a continued upward trend. Prices are still £37 (+5%) more expensive than two years ago (£715), and £74 (+11%) pricier than half a decade ago (£678).

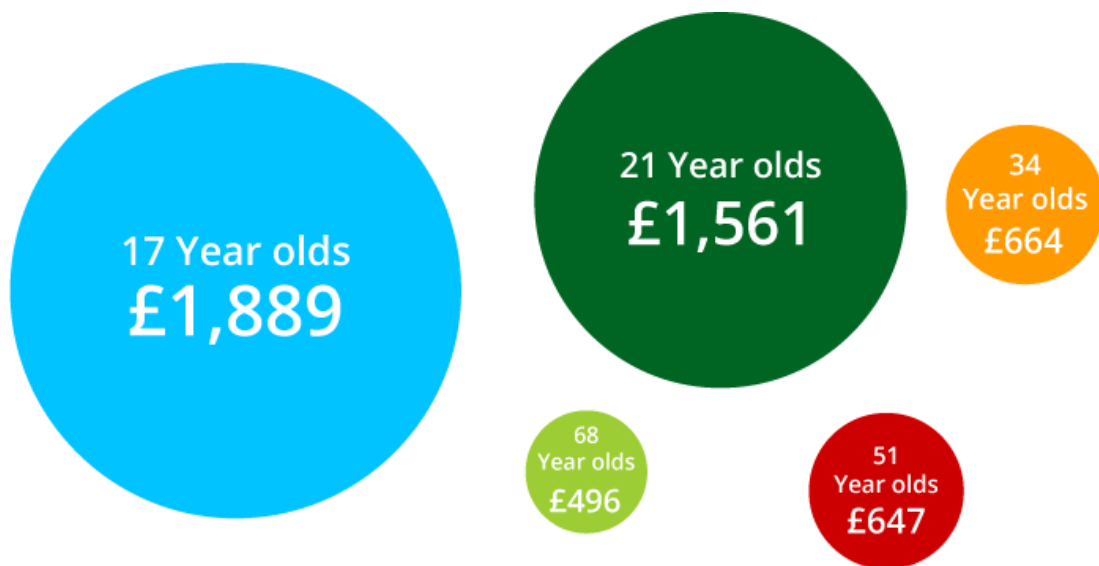
Meanwhile, according to Confused.com survey research, almost two out of three (61%) drivers say they are fed up of the rising cost of car insurance. In fact, one in three (30%) would go as far to say that it's becoming unaffordable.

But there are other motoring costs which are also pinching drivers' pockets. For example, Confused.com's fuel price index, which collates prices from 83% of the UK's fuel stations, shows drivers are now paying 128p for petrol and 131.2p for diesel, on average. This means that the average driver of a medium-sized car is now paying £72.97 for a full tank of petrol and £74.80 to fill up with diesel.

And with fuel duty expected to be unfrozen in the next autumn budget, plus climbing interest rates, it looks like it is going to be an expensive year for motorists.

# Price by age

17 year old drivers have seen the biggest price reductions



The majority of age brackets have benefitted from a decrease in their premiums, but no one more than 17 year olds who are celebrating a whopping £403 price reduction and are paying less than both 18 and 19 year old drivers.

This is likely due to more telematics insurers specialising in 17 year old drivers entering the market. Even so, 17 year olds are still paying an eye-watering £1,889 a year for car insurance, while 18 and 19 year olds are paying £2,052 and £1,893 respectively.

As ever, male drivers aged between 17 and 20 are still paying the most of any demographic - £2,294 on average, compared to the £1,660 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 £356.

# Price by region

What's going on regionally?

## Northern Ireland



**£894**  
**↓ 16%**

Looking to the regions, all areas across the UK benefitted from a reduction to the cost of their car insurance year-on-year.

In Scotland, premiums have dropped between £37 and £58 in 12 months, with Scottish drivers now paying up to £638 to insure their cars, on average.

This is following more than three years of price hikes. But even with this drop in prices, Scotland is lagging behind the UK, where prices took a U-turn three months ago. And in comparison to the rest of the UK, the price reductions seen across Scotland are small.

Meanwhile, Northern Ireland benefitted from the most significant percentage decrease on last year of 16% (-£165).

However, pound-for-pound, drivers in Inner London have seen the sharpest annual price drop of £179 (-13%). Yet they are the only motorists who can expect to pay over £1,000 for car insurance, on average.

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Inner London

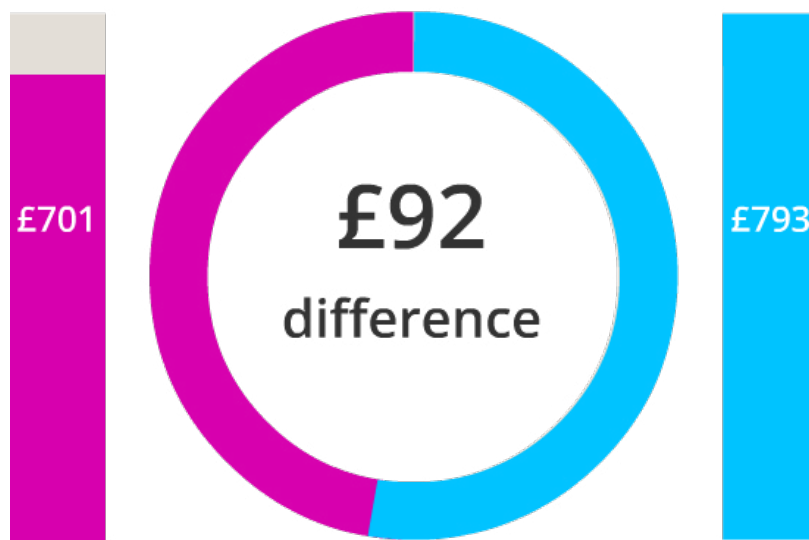


Manchester/Merseyside



# 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 £92 more than women, although the gap has closed slightly since the previous quarter when it was £95.

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 and loaded with new technology, 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:

Louise O'Shea, CEO at Confused.com, says: "Drivers have experienced a rollercoaster when it comes to car insurance pricing. This is caused by insurers reacting to the changes in the Ogden Rate, which is used to calculate the cost of some bodily injury claims.

"I'm very happy drivers are going to have a few more pounds in their pockets. However, often motorists don't see these savings reflected in their renewal notices. Even when prices are coming down, we should all still shop around to get the best deal.

"Our data suggests drivers should hang on until 21 days prior to their renewal date, when car insurance prices appear to be at their lowest. We're continuously monitoring the market to find the best renewal date for our customers, and will send them a reminder to ensure they're getting the best deal. And if we still can't beat the price their current insurer is charging, we'll give them the difference, plus £20.

"Please take a few minutes to check your renewal letter and get a new price from Confused.com. We could easily save you up to £289\*."

# Note to editors

\*Based on online independent research by Consumer Intelligence during February 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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