



Car insurance price index

The most comprehensive analysis of
car insurance pricing in the UK

Quarter 3 - 2018

Executive summary

Car insurance prices increase for first time in over 12 months

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 third quarter of 2018, shows that UK drivers are now paying £760 on average for an annual car insurance policy. This is up £8, or 1%, over the past three months.

This might seem like a small increase but, if past results are anything to go by, further price rises could be on their way. For example, in 2015 the average price of a premium crept up from £591 to £600 between the first and second quarters, with prices then going on to increase by a further £115 over the following 12 months, reaching £715 in Q2 2016.

But it's not just rising car insurance prices that motorists across the UK are having to contend with, drivers are also paying significantly more for fuel than they were a year ago. According to Confused.com's fuel price index, which collates prices from 83% of the UK's fuel stations, drivers are now paying 130.8p for petrol and 134.8p for diesel, on average (prices correct as of 8/10/18).

This means that the average driver of a medium-sized car is now paying £75 for a full tank of petrol and £77 to fill up with diesel. And if car insurance prices continue to increase it looks like it could be an expensive year for motorists.

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?

There are many ways motorists can save money on the cost of their insurance, and this includes being savvy about the time they shop. In fact, Confused.com data reveals motorists shopping around online at 8am received the cheapest price on average* and could save up to £783 compared to those browsing in the early hours of the morning (2am) when car insurance is at its most expensive.

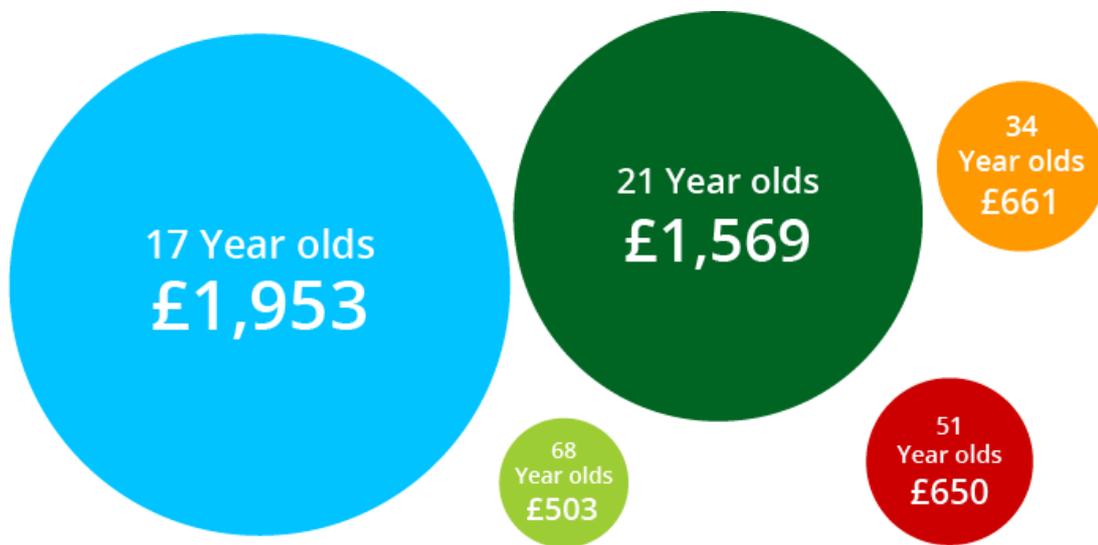
Overall, the morning (6am – 9am) appears to be the optimum time to get the best prices, while buying car insurance in the evening could add on a few extra hundred pounds.

No doubt any tip or trick to reducing premiums will be welcomed by drivers, especially if prices continue to rise. Although, it seems car insurance prices are still 9% (-£78) cheaper than 12 months ago. This is due to several changes to the insurance industry, including the way injury claims are calculated, known as the Ogden Rate.

The UK Government dropped the discount rate to -0.75% in March 2017, meaning insurers had to pay more for personal injury claims, which drove drivers' premiums upwards significantly. However, the expectation of a further rate review has allowed insurers to soften their prices.

Price by age

17 year old drivers have seen the biggest price increases



Generally drivers of all ages are starting to see their car insurance costs creep up again. In particular, 17 year olds saw the biggest monetary change in the cost of their car insurance, with the average price accelerating by £64 (+3%) in just three months.

And surprisingly 26 year olds saw the biggest percentage increase, with their average car insurance cost creeping up by £38, equivalent to 4%, over this last quarter to an eye-watering £1,024, on average.

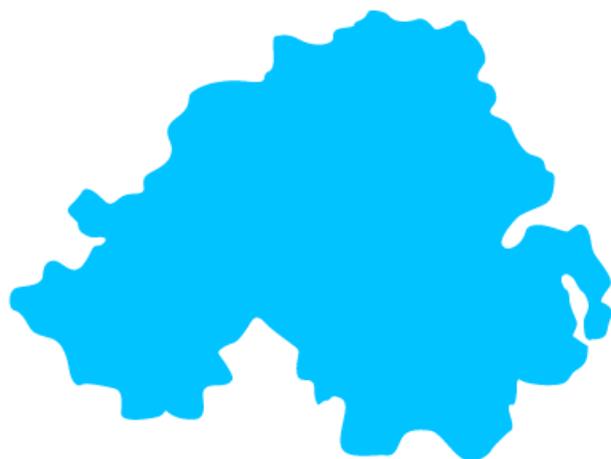
Meanwhile, 18 year old drivers are still bearing the brunt of sky-high prices, being the only age paying more than £2,000 (£2,058) for their car insurance, on average.

On the other hand, motorists starting to consider retirement may be pleased that they have been relieved of inflated prices. Drivers aged 60+ are now all paying below £503, up from £496 in Q2 2018, and are the cheapest prices paid by drivers across the board, on average.

Price by region

What's going on regionally?

Northern Ireland



£873
↓ 17%

On the other hand, the cost of premiums in Northern Ireland appear to be plummeting. Prices in the region dropped a whopping 17%, equivalent to -£181, in 12 months, following a 16% year-on-year drop last quarter (Q2 2018). But it is still motorists in the South West who benefit from the cheapest prices across the board, paying £566, on average, despite a £15 (+3%) growth on last quarter's price.

On a more granular level, motorists in Kirkwall in the Scottish Highlands and Islands will be feeling the sting of the increases the most as prices in the area accelerated by a whopping 22% (+£130) in just three months.

This takes the average cost of car insurance in the area to £712, up from £582 in Q2 2018. This is just £22 off the most expensive price paid by drivers in the area (Q4 2017).

However, this isn't the only area to have been slapped with big quarterly increases. Motorists in West Central London (Inner London) saw an extra £80 (+7%) added to their prices, compared to three months ago.

Price by region

What's going on regionally?

East Midlands



South Central England



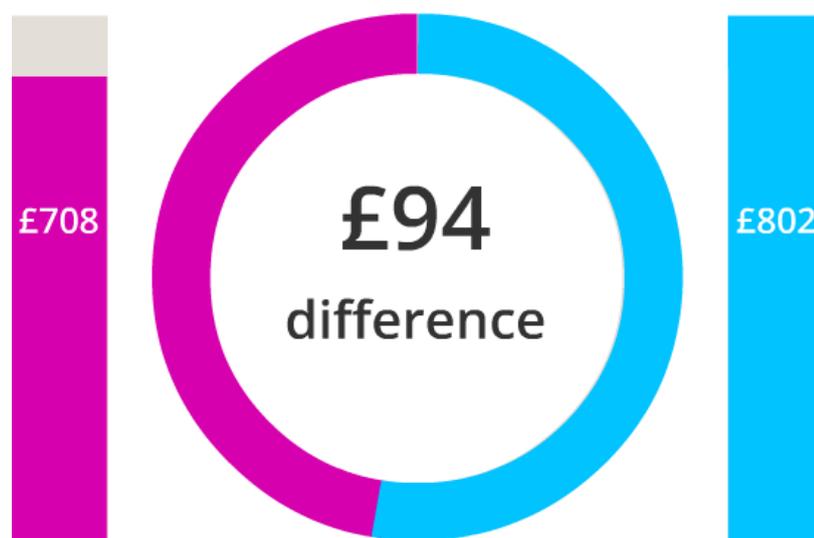
Looking to the regions, no doubt the majority of motorists across the UK will be groaning when shopping for car insurance, as they see increases of up to 3% since the last quarter.

In particular, the East Midlands and South Central England faced the biggest monetary rise of £18, equivalent to +3% and +2% respectively. Meanwhile, the average price in the West Midlands increased by 1% (+£8) in three months, taking the average price to £939 – overtaking Outer London for the first time on record.

Comparing the regions, it's drivers in Inner London who face the most expensive prices of anywhere in the UK with it being the only region to pay more than £1,000. The average cost of car insurance in the region is now £1,157 after a mere £3 drop over the quarter. And Manchester and Merseyside, the West Midlands and Outer London are the only other regions with drivers paying more than £900, on average.

Prices by gender

Battle of the sexes



While price rises are generally affecting all drivers, some are facing bigger hikes than others.

Men are still paying more than women, with the gap in the cost of their car insurance increasing to £94 since the last quarter (Q2 2018).

Male motorists are now paying £802, on average, while women pay £708, in comparison.

While the EU gender directive prohibits insurers from assessing a driver based on their sex, 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, which makes for higher-value claims.

Expert view

Car insurance prices increase for first time in over 12 months

Louise O'Shea, CEO at Confused.com comments: "Over a year ago we saw car insurance prices start to decrease, but now it seems prices may be changing direction and starting to creep up once again. And there is no telling how long it will be before they start to really accelerate.

"Clearly there are still many cases of motorists unnecessarily paying more for their car insurance when it comes to renewing. I personally had to renew my car insurance this month, and while I was quoted a cheaper price than last year by my existing insurer, I managed to save an extra 40% by shopping on Confused.com - £300 cheaper than what my insurer was quoting.

"And this is why it is so important for drivers to be savvy and shop around as there could be a better price out there for them. And we are so certain of this at Confused.com that we are offering to beat drivers' renewal prices, or give them the difference, plus £20**.

"Please don't pay more than you have to - take a few minutes to check your renewal letter and get a cheaper price from Confused.com."

Note to editors

* According to Confused.com data, prices quoted between 8am and 9am (8am timestamp) were the cheapest - £929. Based on a sample of 1,000 quote requestors. Data gathered between July and September 2018.

** <https://www.confused.com/beat-your-renewal>. Must be a like-for-like policy.

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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