



Car insurance price index

The most comprehensive analysis of
car insurance pricing in the UK

Quarter 4 - 2018

Executive summary

Car insurance prices accelerate to most expensive since early last year

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 fourth quarter of 2018, shows that UK drivers are now paying £774 on average for an annual car insurance policy. This is up £14, or 2%, over the past three months.

This is the second consecutive rise since a brief period of softening prices, which began in Q3 2017. And prices are increasing at a faster rate than three months ago, when they crept up by just 1% (+£8) over the quarter (Q3 2018) in comparison.

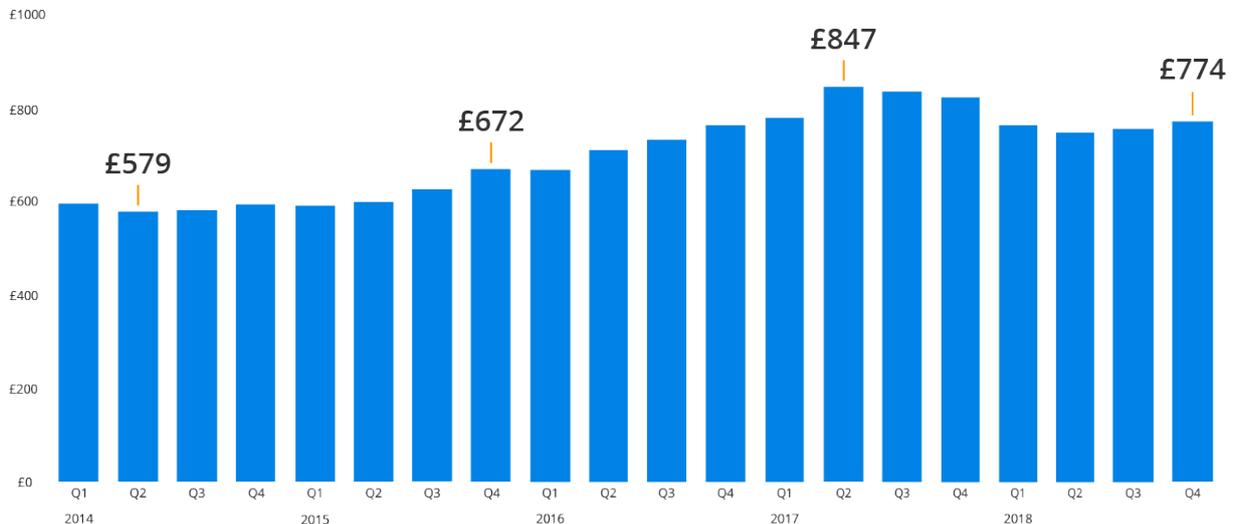
While car insurance is still 6% (-£53) cheaper than 12 months ago (Q4 2017), with the speed of price-rises accelerating, it could be that the worst is yet to come.

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

The overall picture

What were the major changes this time?

The cost of car insurance increases at a faster rate following second quarter of price increases



Car insurance prices in the UK have increased by 2% (+£14) over the past quarter, on average. This takes the average annual fully comprehensive premium to £774. That's according to the most comprehensive car insurance price index in the UK based on more than six million quotes a quarter from Confused.com and powered by Willis Towers Watson.

This is the second consecutive rise since a brief period of softening prices, which began in Q3 2017. And prices are increasing at a faster rate than three months ago, when they crept up by just 1% (+£8) over the quarter (Q3 2018) in comparison. While car insurance is still 6% (-£53) cheaper than 12 months ago (Q4 2017), with the speed of price-rises accelerating, it could be that the worst is yet to come.

It seems motorists who stay with the same insurer are already starting to see these increases reflected in their renewal price. A nationally representative survey of UK drivers found more than half (57%) of motorists who renewed their car insurance in the last quarter (October – December 2018) saw their premium go up by £48 when they opened their renewal notice, on average, as insurers fail to reward loyal customers.

The overall picture

What were the major changes this time?

However, worryingly, more than half (56%) of drivers who renewed their insurance during these months stayed with the same insurer, suggesting they did not seek a better deal elsewhere.

The Confused.com research comes in the wake of investigations by the Financial Conduct Authority (FCA) and Competition and Markets Authority (CMA), which are unveiling 'loyalty penalties' being charged to customers who choose to stay with the same provider, rather than shopping around. And with the post-Christmas pinch beginning to tighten and the UK in a period of economic uncertainty, Confused.com is urging drivers to check their renewal price and shop around to find a better deal.

To further incentivise drivers to do their research this January, Confused.com is giving motorists the chance to save even more by guaranteeing to beat their car insurance renewal price, or give them the difference, plus £20.

Price by age

68-year-old drivers saw the biggest quarterly hike



While the cost of car insurance is going up for the majority of motorists, drivers of a certain age are bearing the brunt of increases more than others.

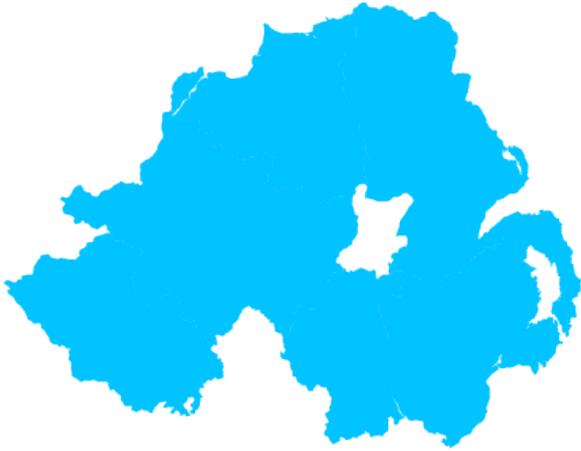
In particular, 68-year-old drivers saw the biggest quarterly hike in the cost of their insurance, with the average price increasing 8% - equating to +£41 - over the past three months to £544. This is just £22 less than the most expensive price paid by drivers this age in Q3 2017.

Motorists aged 59 and 67 also saw significant increases in their car insurance costs this quarter, with both ages seeing an extra 7% on top of last quarter's price, equivalent of £35 and £30 respectively.

Price by region

What's going on regionally?

Northern Ireland



Looking to the regions, most areas of the UK saw their premiums increase over the past three months. But none more so than Northern Ireland, which has seen pricing trends reverse for the first time since mid-way through 2017, with car insurance costs surging once more.

Previously, the region was one of very few where prices decreased over the quarter, while the rest of the UK saw prices creep up. However, this quarter, Northern Ireland saw the average cost of car insurance accelerate the fastest, with prices now £58 (+7%) more expensive than three months ago. Prices in the region are now edging closer to the £1,006 paid by motorists just 12 months ago, with the average cost of car insurance now at £931.

Price by region

What's going on regionally?

Scotland Borders



North West

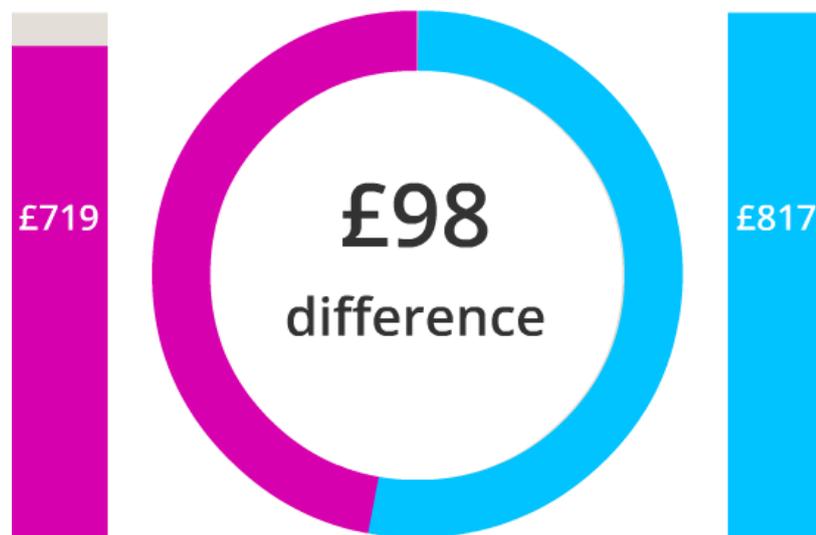


Meanwhile, prices at the top and tail of the UK bucked the trend and dropped over the quarter. Prices in the Scottish Highlands and Islands, and South West of England both dropped -1% - equivalent to £5 and £8 respectively – since three months ago, and are among the cheapest regions in the UK. The South West, in particular, is the cheapest region for car insurance, which costs just £558, on average. While motorists in the Scottish Highlands and Islands pay £611, on average.

On the other hand, it is drivers in Inner London who face the most expensive car insurance costs, paying £1,169 on average. This is up £12 (+1%) since the last quarter, but is still a whopping £114 (-9%) cheaper than 12 months ago. Meanwhile, the cost of car insurance in Manchester and Merseyside edge closer towards the £1,000 mark, as prices creep up by £31 (+3%) to £995, on average. This is the most expensive price paid by drivers in the region in 12 months.

Prices by gender

Battle of the sexes



As prices start to ramp up at a pace, motorists will be feeling the pinch when shopping for car insurance, although some more so than others.

In particular, car insurance is more expensive for men out of the two sexes, with the gap between prices for male and female drivers increasing to almost £100. The cost of car insurance for male motorists increased £15 (+2%) over the quarter, bringing the overall average to £817.

This opens the gap between prices for men and women to an eye-watering £98 difference since the last quarter (Q3 2018), with women paying £719 in comparison, on average. This is £11 (+2%) more than they were paying three months ago.

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, which makes for higher-value claims.

Expert view

Car insurance prices accelerate to most expensive since early last year

Louise O'Shea, CEO at Confused.com comments: "Car insurance prices are gathering momentum and have increased for the second quarter running – and this quarter we have seen prices rise at a much faster pace. This is the last thing drivers need as they face the post-Christmas pinch and as the UK enters a period of economic uncertainty due to Brexit.

"If there's a time to re-think and refresh your finances, it's now. A recent investigation by the CMA revealed customers who stick with the same supplier for household services are facing a combined 'loyalty penalty' of £4.1bn a year. And with an impending FCA investigation into 'hidden' discrimination between car insurance customers on the horizon, the loyalty penalty issue appears to be wider than we first thought.

"Our own research reveals some customers are paying the price for staying loyal to their insurer, with their renewal price coming in more expensive than the previous year. Worryingly, many motorists are renewing without even attempting to shop around.

"All motorists should be shopping around for the best deal, whether they are a new driver or renewing for the tenth year, as there is always another insurer out there willing to offer you a better deal. At Confused.com, we are so certain motorists will be able to find a better price than their current insurer is offering that we are offering to beat their renewal quote, 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."

Note to editors

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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