



Car insurance price index

The most comprehensive analysis of
car insurance pricing in the UK

Quarter 1 - 2021

Executive summary

Motorists see the biggest price drops in almost six year - but drivers will only see savings if they shop around.

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 quarter of 2021, shows that UK drivers can now expect to pay £538 on average for an annual car insurance policy. This is a fall of £87, or 14%, over the past 12 months.

This is the biggest drop in car insurance costs in almost six years, and the second quarter in a row that car insurance prices have dropped year-on-year.

It's worth bearing in mind that the falling prices aren't being seen by everyone. Our research shows that nearly half of all drivers who received their renewal in the past quarter saw their price rise by £45, on average.

This rise shows why Confused.com is still urging drivers to shop around before they renew their car insurance. As Louise O'Shea, Confused.com's Chief Executive Officer, explains: "It's clear from our research that automatically renewing could in fact cost you more money. Loyalty clearly doesn't pay! But if the increase is small, or you are fortunate to see your renewal price drop, please don't settle for this as there will be an insurer out there willing to offer a better price."

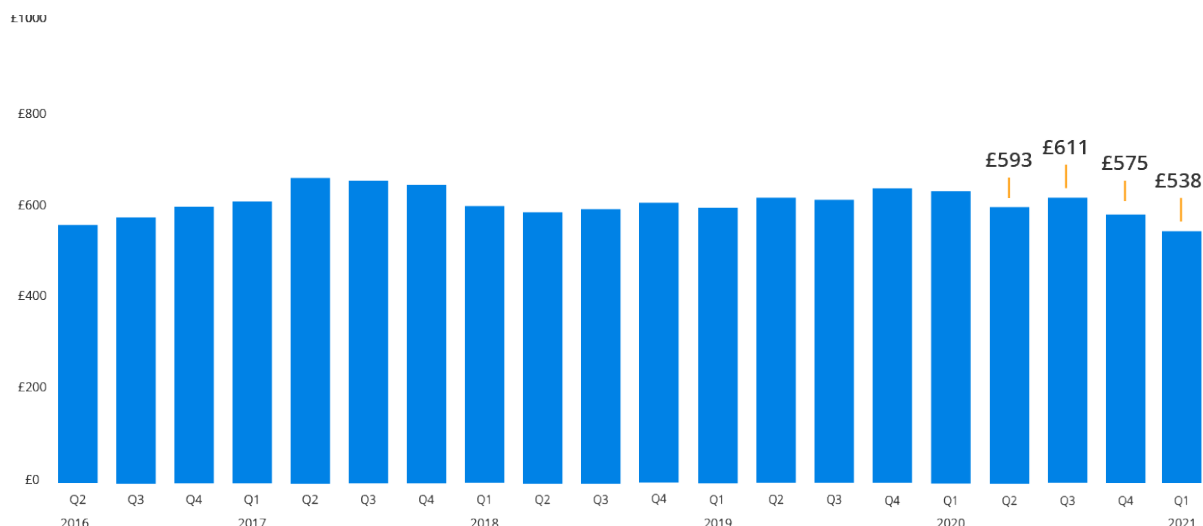
At Confused.com, we are so certain that there are savings to be made that we are making it even more worthwhile for drivers to compare prices and find their best quote. We guarantee to beat drivers' car insurance renewal prices, or give them the difference, plus £20(1).



The bigger picture

What changed this time?

The latest Confused.com price index reveals car insurance now costs £538 on average



Powered by Willis Towers Watson, the Confused.com price index for the first quarter of 2021 reveals the average price of car insurance in the UK is now £538. This is a fall of £87 (14%) in comparison with prices 12 months ago, on average, and a drop of £37 in the past three months alone. The data shows that this is the second quarter in a row when prices have fallen.

It's not hard to suggest what the reasons are for the continuing falls in insurance prices. As with the last quarter of 2020, most of the UK has been living in lockdown during the start of 2021. The restrictions put in place due to the coronavirus pandemic mean that we are all driving less, and the data shows that prices have probably fallen as a result.

Further research by Confused.com bears this out. Drivers say that they have been spending much less time on the road, in fact the average annual mileage of UK drivers has fallen from 7,239 to just 4,113 during the pandemic. With fewer people driving regularly, the risk of accidents is much lower, meaning insurers are paying out less in claims.

The bigger picture

What changed this time?

However, motorists who choose to renew with the same insurer may not get to benefit from the savings. According to our research(2), almost half (45%) of drivers who received their renewal in the past three months saw their price increase by £45, on average. Not only that, nearly half of these drivers (48%) chose to stay with their current insurer, despite the price increase.

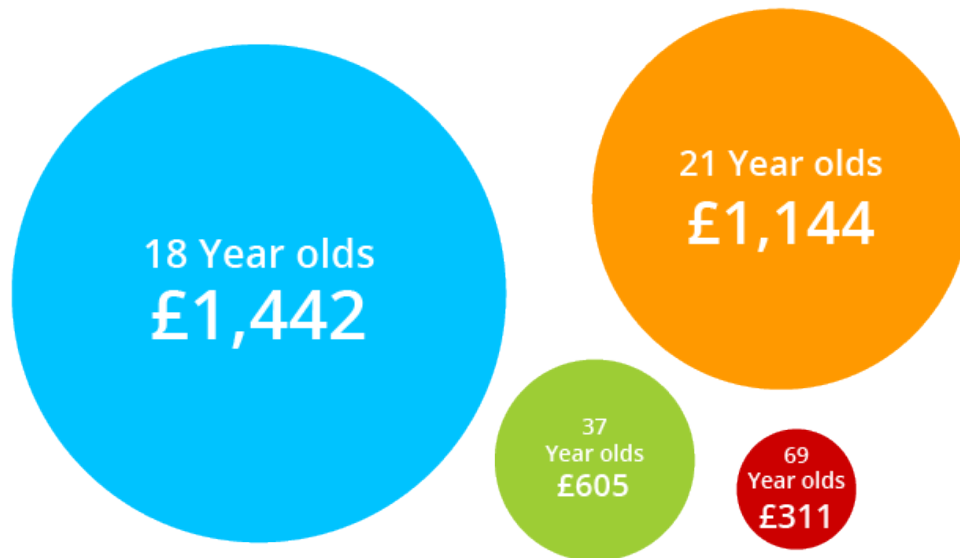
As Louise O'Shea, CEO at Confused.com, points out, "Loyalty clearly doesn't pay!" This is something that the Financial Conduct Authority (FCA) is looking into, with the aim of introducing changes to make it easier for customers to cancel their policy and benefit from available price savings(3).

The FCA's proposal won't just make it easier to cancel auto-renewals, it could also stop insurers from calculating a price based on whether someone is a new customer or renewing a policy. However, prices could still rise every year. That's why the FCA has pointed out that, by shopping around, customers could have opportunities to save money.

In fact, according to Louise O'Shea, the only way for customers to be certain that they're getting the best price available to them is to shop around, as there will probably be an insurer offering them a better deal than their renewal price.

Price by age

What age of driver is saving the most?



It's good news across the board, as every age group will have seen a drop in their prices when shopping for car insurance this past quarter. Drivers in their early twenties are the biggest winners, and specifically 21-year-olds have seen savings of up to £141 compared to the same time last year. Their annual premium is now £1,144, on average.

However, it's not all good news for youngsters, as 18-year-olds still pay the most for their car insurance, with the average price for them now £1,442. Younger drivers tend to have the most expensive premiums, due to their lack of experience.

Some older drivers have also seen impressive changes. For instance, 69-year-olds have witnessed prices fall by £67 to £311, which represents a huge 18% saving, on average.

Prices by region

Which areas are seeing the biggest savings?

Manchester and Merseyside



£708
↓ 15%

Prices have fallen across every region of the UK, but drivers in Manchester and Merseyside are seeing the most significant savings of all. The cost of car insurance in the region has fallen by a whopping £122 (15%) in comparison with last year. This means the average premium for drivers in the region is £708.

Prices by region

Inner London



Scottish Borders

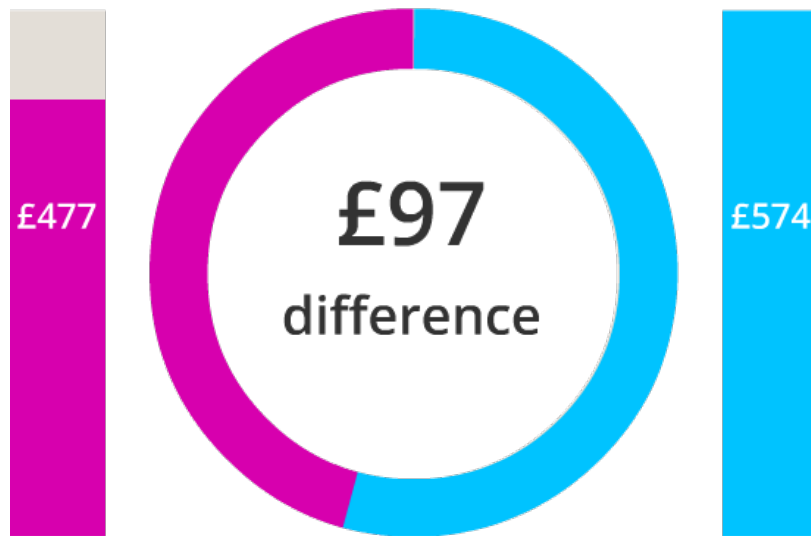


Drivers in Inner London saw a saving of £116 (12%), and are now paying £846, on average. But despite these two pieces of good news, Inner London and Manchester and Merseyside are still the two most expensive regions in the UK for car insurance.

So where's the cheapest? The Scottish Borders takes the crown, with average premiums of just £352, which is £62 (15%) less than 12 months ago.

Prices by gender

Who is pays the most for their car insurance?



Thanks to the EU Gender Directive means, insurers cannot calculate insurance prices based on the gender of a driver. But men still do tend to end up with higher premiums(4).

There's a number of reasons why this is the case. Men often drive more expensive cars than women, with more technology and bigger engines. So, if a male driver has an accident, it's likely that the insurance claim will be for a higher amount.

Having said all that, men have seen some large savings during the last quarter. The cost of insurance for men dropped by £91 (14%) year-on-year, and by £38 (6%) in the past quarter to £574, on average.

At the same time, female drivers saw savings of £82 (15%) compared to 12 months ago, and £36 (7%) in comparison with last quarter. This means women are now paying £477, bringing the gap between male and female drivers down to £97, on average.

Expert view

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

"What we are seeing is the biggest drop in prices in almost six years. But it's important to remember that these lower prices are only benefiting those who shop around. It's clear from our research that automatically renewing could in fact cost you more money. Loyalty clearly doesn't pay!

"But if the increase is small, or you are fortunate to see your renewal price drop, please don't settle for this as there will be an insurer out there willing to offer a better price. At Confused.com, we're so certain of this that we're offering to beat your renewal quote or give you the difference, plus £20(5)."



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.

(1 & 5) Terms & conditions apply. Must be a like-for-like policy. <https://www.confused.com/beat-your-renewal>.

(2) Statistics obtained from a nationally representative survey of 2,000 UK motorists who own or rent a home, carried out by One Poll on behalf of Confused.com. The survey ran between DATE and DATE.

(3) <https://www.fca.org.uk/news/press-releases/fca-sets-out-proposals-tackle-concerns-about-general-insurance-pricing>

(4) 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. They also tend to have significantly more motoring convictions than women.

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Note to editors

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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