



Car insurance price index

The most comprehensive analysis of
new business car insurance pricing in the UK

Quarter 2 - 2019

Executive summary

Bad news for drivers as car insurance prices accelerate

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 quarter of 2019, shows that UK drivers are now paying £789 on average for an annual car insurance policy. This is up £27, or 3%, over the past three months.

However, according to a nationally representative survey of UK drivers, almost half (47%) of motorists who renewed their car insurance in the second quarter of the year saw their premium go up by £50, on average.

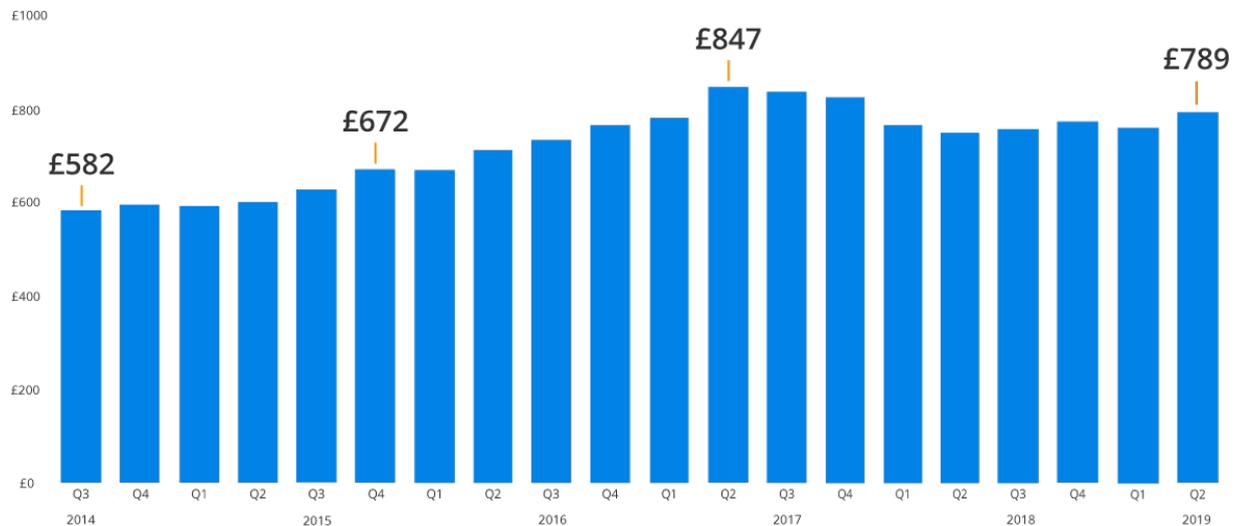
This suggests insurers are failing to reward loyal customers. Although, worryingly, just over half (52%) of drivers who renewed their insurance during these months stayed with the same insurer, suggesting they didn't seek a better deal elsewhere.

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?

Confused.com price index reveals car insurance now costs £789 on average



The latest Confused.com price index, powered by Willis Towers Watson, reveals the average price of car insurance in the UK is now £789. This is £37 (+5%) more than it was 12 months ago, on average, and £27 (+3%) up on the past quarter.

Despite this increase, many motorists remain loyal to their current insurer, and are paying the price for it. Nearly half (47%) of motorists who received their renewal notice between April and June this year saw their premium go up by £50, on average. Worryingly, more than half (52%) of these went on to renew with the same insurer regardless. That's according to a nationally representative survey of UK drivers*.

The figures come in the wake of investigations by the Financial Conduct Authority (FCA) and Competition and Markets Authority (CMA). The watchdogs have revealed that 'loyalty penalties' are being charged to customers who choose to stay with the same insurance provider, rather than shopping around. It's reported this has cost consumers a total of £4.1bn a year.

The overall picture

What were the major changes this time?

According to the FCA's report, consumers typically stay with their car insurance provider for three years. However, it's clear that loyalty doesn't tend to pay. Drivers who switched car insurance providers at their last point of renewal were able to save £81, on average, the research found.

It's no wonder that more than one in four (27%) of UK motorists are confused about why the cost of their car insurance is increasing. With this in mind, drivers are being urged to check their renewal letters. This will remind them how much they paid last year, so they can then shop around to get a cheaper price.

Price by age

Youngest motorists (17-18) hit hardest by increases



17- and 18-year-old drivers saw some of the biggest increases, according to the research. 17-year-olds in particular were hit with a price increase of £158 (+8%) compared to last year. They paid £2,047, on average - the first time car insurance prices for these drivers exceeded £2,000 since early 2018.

But it's 18-year-old drivers who still have the most expensive car insurance costs, paying £2,154, on average - an increase of £102 (+5%) compared to last year.

Meanwhile, older drivers are feeling the pinch too. 69-year-old drivers saw their prices increase by £33 (+8%) over the past year. These drivers now pay £464 for their car insurance, on average.

Prices by region

What's going on regionally?

Inner London

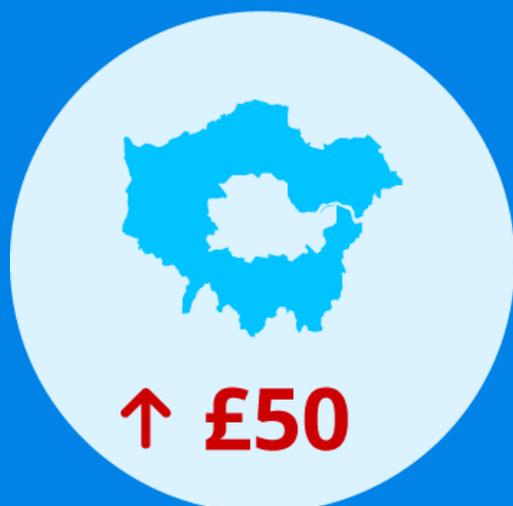


£1,214
↑ 5%

While prices across the UK have generally increased over the past year, some unlucky motorists have seen their prices accelerate further. Drivers in Inner London in particular are feeling the pinch as their car insurance prices rose by £61 (+5%) year-on-year. Their premiums stand at £1,214, on average.

What's going on regionally?

Outer London



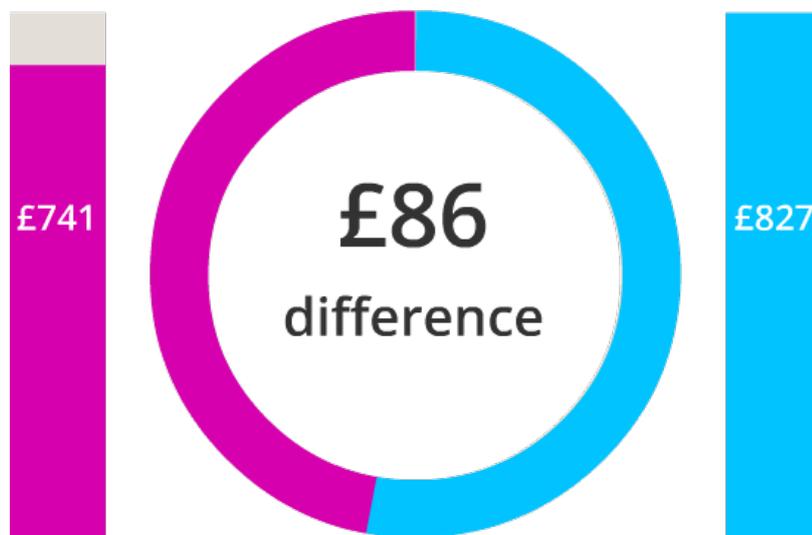
Manchester & Merseyside



Similarly, drivers in Outer London saw their prices go up by £50 (+5%) over the past year. The average price of car insurance in the region stands at £981, on average. Meanwhile, prices in Manchester and Merseyside rose by £42 (+4%) year-on-year. Drivers in this region are paying £1,011 for their insurance, on average - the first time they've paid more than £1,000 in 18 months.

Prices by gender

Battle of the sexes



Female drivers pay £86 less for their car insurance than men, suggesting they're better at seeking out a better deal. Female drivers pay £741 for their car insurance, on average, compared to £827 paid by men.

However, women saw a larger annual increase in prices compared to men, paying £40 (+6%) more compared to last year. The price of car insurance for men rose by £34 (+4%) over the same period.

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. However, it's unclear whether these laws will remain post-Brexit, which could result in the gap widening to the same scale seen before the EU Gender Directive was introduced, where men were paying up to £121 more for their car insurance (Q4 2011).

Expert view

Bad news for drivers as car insurance prices accelerate

"We hate to be the bearer of bad news but it seems car insurance prices are really starting to accelerate. In fact, we're seeing some of the steepest price hikes in 18 months.

"We should be shopping around for the best deal, whether we're a new driver or renewing for the tenth year, as there's always another insurer out there willing to offer us a better deal.

"At Confused.com, we're so certain drivers will be able to find a better price than their current insurer that we're 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."

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

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.

* Statistics obtained from a nationally representative survey of 2,000 UK motorists who rent or own a house, carried out by One Poll on behalf of Confused.com. The survey ran between 21/12/18 and 03/01/19.

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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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