



Car insurance price index

The most comprehensive analysis of
car insurance pricing in the UK

Quarter 2 - 2020

Executive summary

Insurance prices have fallen but not for auto-renewers - so it's still important to 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 second quarter of 2020, shows that UK drivers are now paying £770 on average for an annual car insurance policy. This is down £19, or 2%, over the past 12 months.

Not only that, the drop represents a fall of £39 in the past 3 months – that's the steepest quarterly decline in prices in more than two years.

This is the first time that car insurance prices have dropped in over a year, as the coronavirus pandemic has forced drivers to stay home.

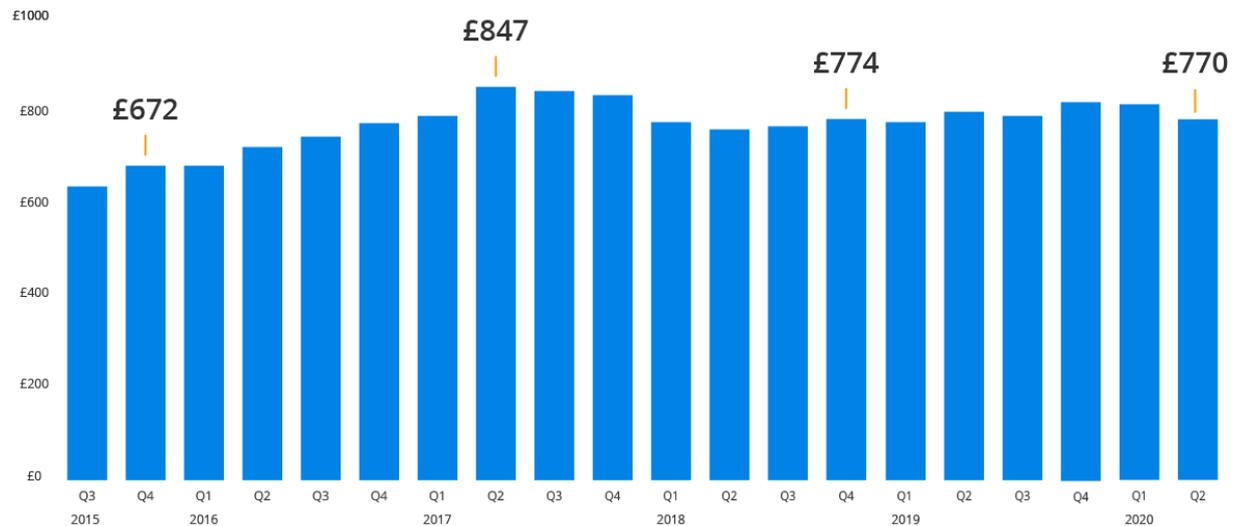
Whether prices are rising or slightly dipping, we urge motorists to seize the initiative to shop around and look for a better deal. As Chief Executive Officer, Louise O'Shea, says, "It's so important to shop around before committing to renewing, as there will be an insurer out there offering a cheaper price."

In fact, we're making it even more worthwhile for drivers to compare prices, by guaranteeing to beat their car insurance renewal, or give them the difference, plus £20(1).

The overall picture

What changed this quarter?

Confused.com price index reveals car insurance now costs £770 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 £770. This is £19 (2%) less than it was 12 months ago, on average, and reflects a drop of £39 in the past three months. According to the data, this puts an end to more than a year's worth of annual price increases.

The change is yet one more way in which the coronavirus has been affecting all our lives. The past three months have seen a huge change in circumstances for many people. Half (50%) of UK motorists have cut their annual mileage as they have been using their car less during lockdown.

Less traffic on UK roads reduces the risk of accidents, and therefore minimises claim pay-outs. Insurers have come under pressure to adapt their pricing accordingly.

The overall picture

What changed this quarter?

But drivers need to be careful and make sure that they don't miss out on lower prices. Further research shows that drivers who renew with their current insurer are not seeing the same savings. Our research(2) found that nearly half (46%) of UK motorists who received their renewal notice between April and June this year saw their price increase by £47, on average. This suggests their loyalty wasn't being rewarded during these challenging times.

Nearly two in five (39%) of drivers were canny enough to shop around using a price comparison site to switch insurers. On average they saw a £61 price saving.

With this in mind, Louise O'Shea, CEO at Confused.com, urges drivers to shop around, even if their renewal price hasn't changed significantly, as there's still the opportunity to make substantial savings.

There's more good news for drivers, as other motoring costs appear cheaper now than this time last year.

According to the Confused.com fuel price index, the average price of petrol in July was 110p per litre, compared to 129p in August last year.

Similarly, diesel costs have dropped, with prices at 116p per litre, compared to 132p over the same period(3).

Price by age

Which age group is seeing the biggest savings?



Most drivers have benefitted from cheaper prices in the last three months, but younger drivers have seen the biggest drop of all. The average cost of car insurance for 21-year-olds is now £118 (7%) cheaper than three months ago and £114 (7%) less year-on-year. However, drivers of this age can still expect to pay a staggering £1,525 for their car insurance.

Having said all that, there are some age groups where prices have increased for drivers. For example, the average price of car insurance for 66-year-olds is now £19 (4%) more than it was 12 months ago. This age group pays £453, on average.

Prices by region

Where is the cheapest region to buy car insurance?

Inner London



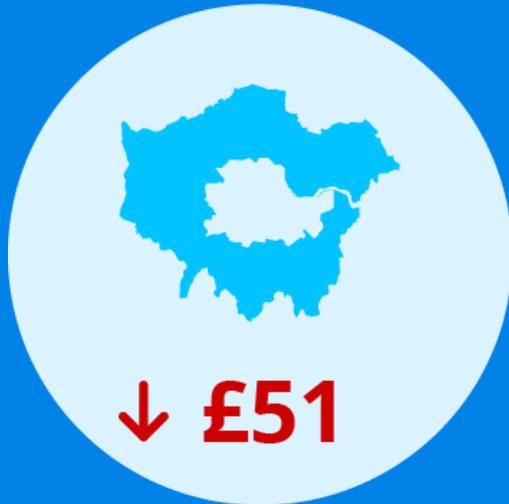
£1,202
↓ 1%

Just about every region in the UK has seen falling prices in the past three months. The only exceptions are the East Midlands and the Scottish Borders, where motorists are now paying £4 (1%) and £2 (0%) more than last year, respectively.

In other regions, even though prices have gone down, drivers are still facing more expensive costs than others. For example, motorists living in Inner London can expect to pay more than £1,000 for their car insurance, on average. That's despite a £70 (6%) drop in prices in the past three months.

Prices by region

Outer London



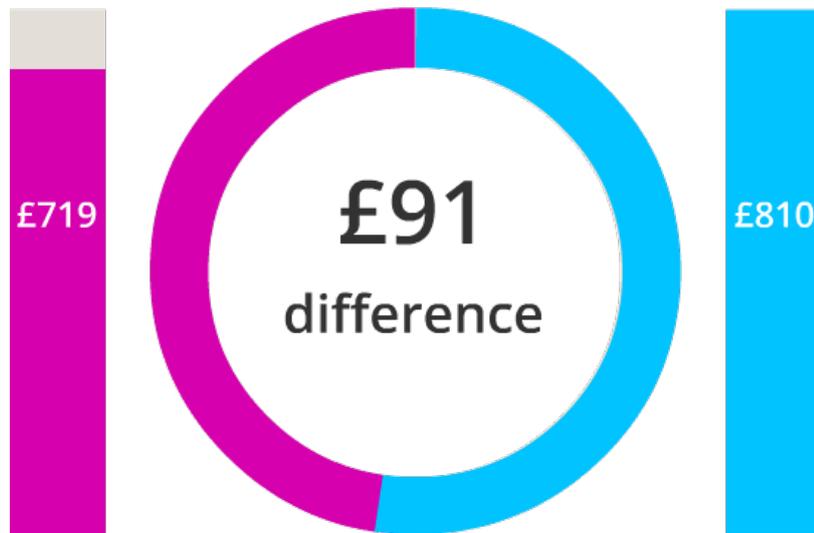
Manchester & Merseyside



London also takes the record for the most expensive postcode in the UK. Motorists in East London are now paying £1,374 for their car insurance, despite prices dropping £91 (6%) over the past three months, on average.

Prices by gender

Who is paying more for their car insurance?



The EU Gender Directive means insurers can't work out insurance prices based on a driver's sex. But there are other risk factors that mean men have higher premiums.

For example, men tend to drive more expensive cars, with bigger engines and newer technology. This tends to make for higher-value claims in the event of an accident.

So it's no surprise that men still pay more for their car insurance. Over the past three months, women have seen greater falls in their insurance costs. Although prices have dropped by £37 (4%)

for men during the quarter, they fell by £43 (6%) for women. The average cost for car insurance for men is now £810 and £719 for women.

That means the gap between men and women is now £91, on average. This is the biggest price gap between the two in over a year(4).

Expert view

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

"The past few months have been incredibly challenging. So it's a relief to see a drop in car insurance costs, which is an expense we can't avoid.

"The UK going into lockdown caused a sharp drop in traffic levels, which means the risk of high claim pay-outs has been lower for insurers over this period. This is likely to have contributed to this U-turn we're seeing in car insurance costs. It's likely that as lockdown conditions ease, prices will change further as insurers continuously readjust to the situation. We are keeping a close eye on things so that we can update our customers on any changes that may affect them.

"But it seems some insurers are still asking their loyal customers to pay more year-on-year, which isn't necessarily justified if their circumstances remain the same. This is why it's so important to shop around before committing to renewing, as there will be an insurer out there offering a cheaper price.

"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(4)."

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 & 4) Terms & conditions apply. Must be a like-for-like policy. <https://www.confused.com/beat-your-renewal>.

(2) Research obtained through a nationally representative survey of 2,000 UK adults who drive, carried out by One Poll on behalf of Confused.com. This survey ran between 1 April and 3 April 2020.

(3) Confused.com's fuel price index collates prices from 7074 out of 8496 fuel stations across the UK. Prices are updated every week: <https://www.confused.com/on-the-road/petrol-prices/fuel-price-index>.

(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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