



Car insurance price index

The most comprehensive analysis of
car insurance pricing in the UK

Quarter 2 - 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 second quarter of 2021, shows that UK drivers can now expect to pay £522 on average for an annual car insurance policy. This is a fall of £71, or 12%, over the past 12 months.

The price drops mean that car insurance costs are now at their lowest ever in more than five years.

Yet it's worth noting that drivers still have to seek out the savings. The research shows that almost two in five UK drivers who received a renewal notice this quarter saw their prices increase by £44, on average.

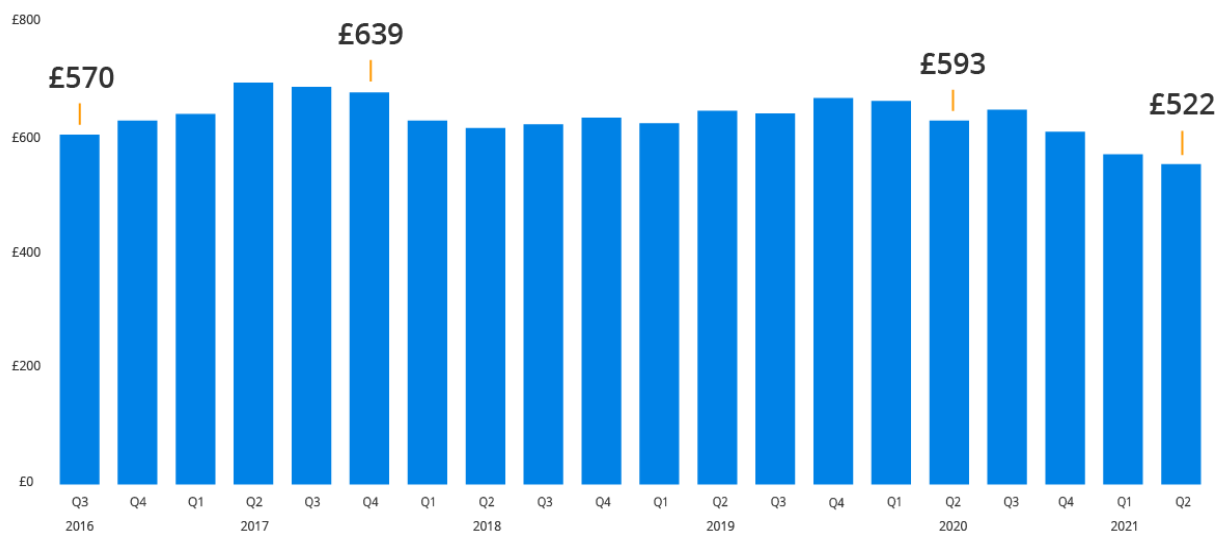
This rise shows why Confused.com is still urging drivers to shop around before they renew their car insurance. As Louise O'Shea, Confused.com's Chief Executive Officer, states: "The only way to know if you're getting the best deal is to shop around. Even if your renewal price is cheaper, the market is very competitive at the moment and there will be another company out there willing to give you a better price!"

At Confused.com, we are so sure that there are lower prices available for drivers that we are making it even more worthwhile for them to shop around to 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's new this quarter?

The latest Confused.com price index reveals car insurance now costs £522 on average



Powered by Willis Towers Watson, the Confused.com price index for the second quarter of 2021 reveals the average price of car insurance in the UK is now £522. This is a fall of £71 (12%) in comparison with prices 12 months ago, on average, and a drop of £16 over the past three months. The data shows that this is the third quarter in a row where prices have significantly dropped year-on-year.

The reasons for the continuing falls in insurance prices are not hard to imagine. During the COVID-19 pandemic, most of us have been driving less, and some have been opting not to drive at all. This means the risk of accidents has been a lot lower, which is a key consideration for insurers when they offer a customer a price for their car insurance.

A separate study by Confused.com confirms this(2). The report studied changes in driving habits by looking at the number of road traffic accidents. The data shows that police forces reported 710 accidents per day in 2019, which fell to 525 in 2020, on average. This means that the chances of accidents occurring was heavily reduced. The Confused.com report also shows that, on average, drivers did just 4,113 miles a year in comparison to 7,239 before the pandemic(3).

The bigger picture

What changed this time?

Although these lower mileages mean that insurance prices are falling, drivers still need to shop around to take full advantage of the savings. Our research(4) shows that two in five (38%) of drivers who received a renewal notice in this quarter were quoted a higher price, which was £44 on average. Worryingly, more than half (55%) of these drivers chose to stay with their current insurer, with one in seven (15%) claiming they found it difficult to cancel their renewal.

As Louise O'Shea, CEO at Confused.com, sums up: "Insurers are still increasing renewal prices for their loyal customers." The Financial Conduct Authority (FCA) is addressing this, and has said that insurers must make it easier for customers to cancel the automatic renewal of their policy. This will make it easier for drivers to shop around and find a better deal.

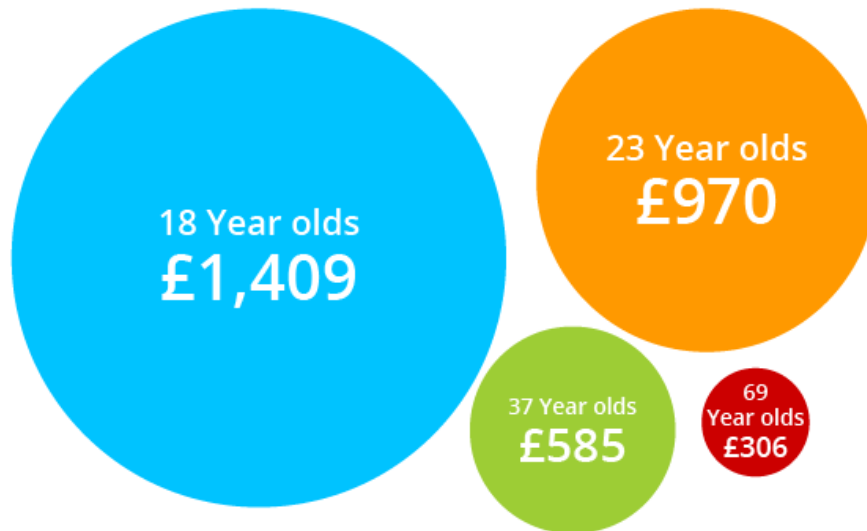
In fact, the FCA is introducing new rules that won't just make it more straightforward to cancel auto-renewals, they will also prohibit insurers from calculating a price based on whether someone is a new or a renewing customer(5).

However, this doesn't mean that renewal prices will stay the same or decrease, as they could still increase year-on-year.

As Louise O'Shea says, "While new rules set out by FCA will stop insurers from pricing new and renewing customers differently, this doesn't guarantee you the cheapest price." In a nutshell, the only way to be certain of finding better deal than your renewal price is to shop around.

Price by age

Savings for young and old



The price paid for car insurance depends on the driver's age, with younger drivers still typically paying the most. In particular, 18-year-olds are paying a whopping £1,409 for their car insurance, on average. Only when a driver reaches 23 does it seem to drop below the £1,000 mark, with those at this age now paying £970, on average.

But there is some good news for younger drivers, as they are seeing some of the biggest savings this quarter. In particular, 20-year-olds are now paying £116 (9%) less than 12 months ago, with their average premium now £1,196.

At the other end of the scale, drivers nearing retirement are paying the least for their car insurance, with those aged 69 or 70 forking out just £306, on average. That's a drop of £55, or 15%, in comparison with this time last year.

Prices by region

Savings just about everywhere

Inner London



£808
↓ 11%

It's good news for drivers just about everywhere, as the data shows that drivers in the vast majority of UK regions are paying the cheapest price in five years. Northern Ireland is the only region where prices have risen in the last quarter, up £5 (1%) in the past three months to £530.

Drivers in Inner London and Manchester and Merseyside saw the greatest monetary drop in car insurance costs. Prices in Inner London are now £102 (11%) cheaper compared to 12 months ago, and £101 (13%) cheaper in Manchester and Merseyside, on average.

Prices by region

Manchester & Merseyside



North West



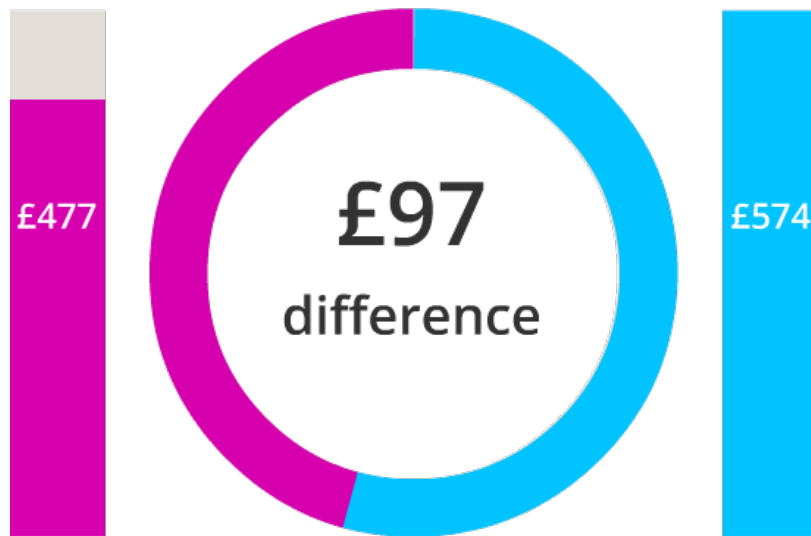
However, Inner London and Manchester and Merseyside are the two most expensive regions in the UK for car insurance, with drivers paying £808 and £675 respectively, on average. This is nearly double the amount paid by drivers in the cheapest areas.

For example, drivers in Llandrindod Wells pay just £319 for their car insurance, on average, while prices for some drivers in the Scottish Highlands and Islands are as low as £320.

But there is one piece of good news for drivers in the nation's capital. A drop in prices in West Central London means drivers in the area are now paying less than £1,000 for the first time in almost two years. The average cost of car insurance in the area is now £981, following a £94 (9%) decrease in 12 months.

Prices by gender

Equality of the savings



The EU Gender Directive stipulates that insurers cannot calculate insurance prices based on the driver's gender. Having said that, men still do tend to have higher premiums for their car insurance(6).

This is due to a number of reasons. In comparison with women, men tend to drive more expensive cars with bigger engines and more technology. So, if a male driver has an accident, then they will probably make an insurance claim for a higher amount.

Coincidentally, both male and female drivers have seen their car insurance price drop by 12% over the past 12 months. For men this equates to a £75 saving and for women it's a £63 saving. This brings the average cost of insurance for men to £557 and for women to £464. The gap between the genders is now £93, on average.

Expert view

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

"We're now paying £71 less for our car insurance than this time last year, on average. This puts prices at the lowest point in more than five years. But now that the government has announced the end of lockdown, where prices will go from here remains to be seen.

"The only way to know if you're getting the best deal is to shop around. Even if your renewal price is cheaper, the market is very competitive at the moment and there will be another company out there willing to give you a better price! We're so sure of this that we're offering to beat your renewal quote or give you the difference, plus £20(7)."



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 & 7) Terms & conditions apply. Must be a like-for-like policy. <https://www.confused.com/beat-your-renewal>.

(2) Confused.com issued a Freedom of Information request to UK police forces requesting the number of road traffic accidents reported in 2019 and 2020.

(3) Based on an online poll of 2,000 UK drivers. The research was conducted between 2 March and 4 March 2021.

(4) 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.

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

(6) 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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About Confused.com:

Launched in 2002, Confused.com was the UK's first digital marketplace for car insurance and is one of the leading brands in the sector, generating over one million quotes per month. It has expanded its range of comparison products over the years to include home insurance, van insurance, motorcycle insurance, and car finance comparison, as well as a number of tools designed to save consumers money.

Confused.com is not a supplier, insurance company or broker. It provides an objective and unbiased service. By using cutting-edge technology, it has developed a series of intelligent web-based solutions that evaluate a number of risk factors to help customers with their decision-making, subsequently finding them great deals on a wide-range of insurance products, financial services, utilities and more. Confused.com's service is based on the most up-to-date information provided by UK suppliers and industry regulators.

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 1 April 2014 and the commitments are now governed by the Competition and Markets Authority (CMA).

About Willis Towers Watson:

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 employees in more than 140 countries and markets. We design and deliver solutions that manage risk, optimize benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas — the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.