



# Car insurance price index

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

**Quarter 4 - 2019**

# Executive summary

## Car insurance prices at highest point in two years

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 2019, shows that UK drivers are now paying £815 on average for an annual car insurance policy. This is up £41, or 5%, over the past 12 months.

The data also shows the cost of car insurance has climbed by £32 (4%) in three months (Q4 2019), which is also the biggest quarterly increase in more than two years.

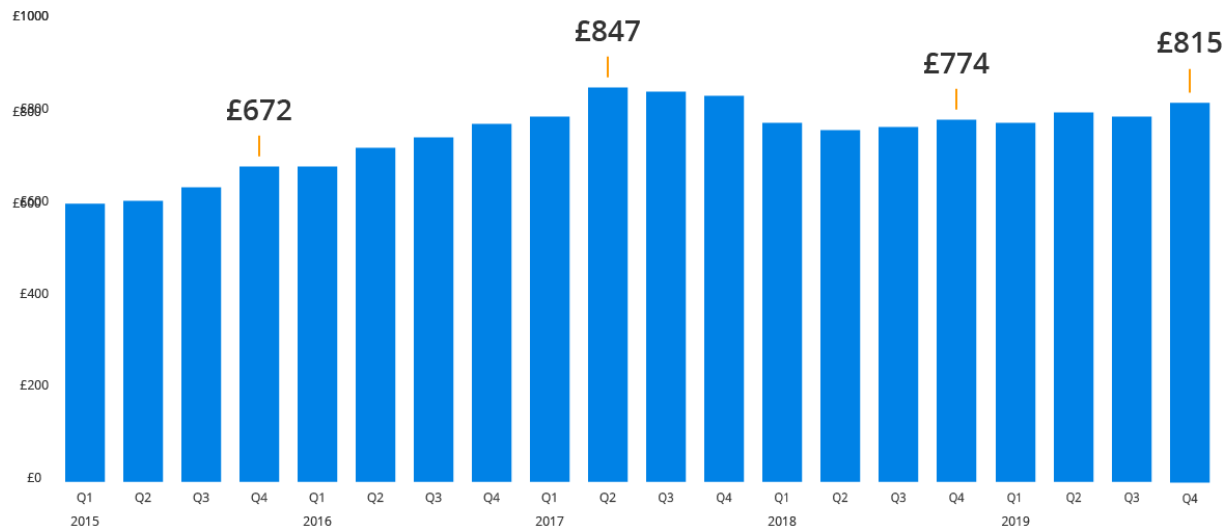
Following these recent increases, the average price of car insurance is now nearing the 2011 peak of £858, with motorists today paying just £43 (5%) less than this record price. And if prices continue to rise at the current rate, drivers may be paying a new record by the end of 2020.

But in the meantime, Confused.com is urging motorists to take measures into their own hands and shop around to seek out a better price. To further incentivise drivers, the company is giving them the chance to save even more by guaranteeing to beat their car insurance renewal, or give them the difference, plus £20(1).

# The overall picture

What were the major changes this time?

## Confused.com price index reveals car insurance now costs £815 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 £815. This is £41 (+5%) more than it was 12 months ago, on average.

The data also shows the cost of car insurance has climbed by £32 (4%) in three months (Q4 2019), which is also the biggest quarterly increase in more than two years.

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Looking back at the past 12 months, 2019 proved to be a volatile year, with car insurance prices fluctuating before delivering a powerful blow to drivers to close out the year.

# The overall picture

What were the major changes this time?

These recent increases have left drivers scratching their heads, as further research conducted by Confused.com(2) found more than a quarter (27%) of UK drivers are confused about why the cost of their insurance increases each year.

And while some might believe staying loyal to your insurer will land you cheaper insurance premiums, the research proves this is certainly not the case. According to the research, more than half (53%) of drivers who received their renewal notice in the past three months (October – December 2019) said their price had increased by £52 year-on-year, on average.

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

But, while car insurance prices are on the up, drivers are offered some respite in other motoring costs.

The cost of fuel, in particular, has dropped slightly over the past six months. According to Confused.com's fuel price index, the average price of petrol this month is 126p per litre, compared to 128p in July last year.

Similarly, diesel costs have dropped slightly, with prices now 130p per litre, compared to 131p six months ago(3).

But while prices are dropping for now, these prices are still extremely high in comparison to recent years, and trends suggest the cost of fuel could soon accelerate, leaving motorists with another expensive burden.

# Price by age

What were the major changes this time?



Some younger drivers have been hit with price hikes of more than £100. In particular, the cost of car insurance for 18-year-olds accelerated by £147 (7%) in 12 months to £2,130, on average.

This is the most expensive price paid by any age group. Meanwhile, prices for 19-year-olds and 17-year-olds also increased by £137 (7%), and £116 (6%) respectively.

This means 19-year-olds now pay £1,990, on average, while 17-year-olds follow shortly behind, with the average premium now £1,971.

# Prices by region

What's going on regionally?

## Inner London



**£1,260**  
**↑ 8%**

Drivers in some regions may feel particularly inclined to shop around following the sting of recent increases.

Those in Inner London, in particular, have seen the cost of their insurance soar by £91 (8%) in the past 12 months. As the most expensive region in the UK for car insurance, motorists in Inner London are now paying an eye-watering £1,260 for their premiums, on average.

# Prices by region

What's going on regionally?

## Outer London



## West Midlands



Drivers in Outer London and the West Midlands have also been hit hard by the increases, as prices in these regions have reached more than £1,000 for the first time in two years.

Car insurance prices in the West Midlands accelerated by £65 (7%) in 12 months, meaning drivers in the region can now expect to pay £1,011, on average. Similarly, a £59 (6%) increase in car insurance costs in Outer London takes the average price in the region to £1,021.

# Prices by region

What's going on regionally?

Meanwhile, increases in Scotland mean some drivers are very close to paying the highest prices on record for the region. A £46 (7%) yearly increase in prices in Central Scotland brings the average price of car insurance just £2 below the most expensive price on record. And those in East and North East Scotland are paying just £9 less than the highest price for this region, following a £39 (7%) increase in prices year-on-year, on average.

On a more granular level, there are in fact some postcode areas that have reached record prices this past quarter. Motorists in Falkirk (£660) and Shetland (£915), both in the Scottish Highlands and Islands, Salisbury (£682) and Worcester (£670) in the West of England, and Kingston-upon-Thames (£787) and Bromley (£883) are all now paying the most expensive prices on record.

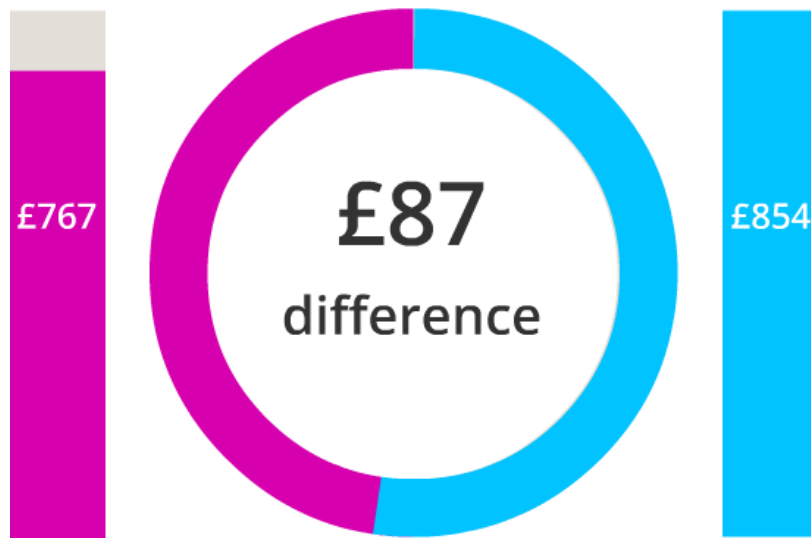
However, one of the biggest blows was dealt to drivers in West Central London, where prices accelerated by £171 (14%) in the past year, and an eye-watering £232 (20%) in the past three months. This means drivers in the area can now expect to pay £1,371 for their car insurance, on average.

Similarly, prices in Shetland have gathered some momentum, as prices shoot up from £587 to £915, on average – a whopping £328 increase in just three months. This is also £134 (17%) more expensive than 12 month ago. Prices in the area have been turbulent for the past year, having seen rapid increases (+14% Q1 2019) and some drastic decreases (-17% Q3 2019) in the space of 12 months.



# Prices by gender

Battle of the sexes



This past quarter (Q4 2019) saw prices ramp up for female drivers in particular, who are now paying £48 (7%) more than 12 months ago.

This means they can now expect to pay £767 for their car insurance, on average.

However, prices remain higher for men, who pay £854 in comparison, following a £37 (5%) increase year-on-year.

This brings the gap between the two to £87, on average.

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.

# Expert view

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

"It's January, the month to save money and re-evaluate our spending. But the bad news is car insurance costs are increasing. And, as drivers, this is something we can't avoid. If costs continue to accelerate at this pace, we could be paying record prices by the end of the year.

"Shopping around is key to saving on car insurance. And even if your renewal price is cheaper, or the same, it's likely there will be another insurer out there willing to offer a better 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).

"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.

(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 8th January and 10th January 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>.

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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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