



# Car insurance price index

The most comprehensive analysis of  
car insurance pricing in the UK

**Quarter 4 - 2020**

# Executive summary

Car insurance prices have fallen again - but auto-renewers should 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 fourth quarter of 2020, shows that UK drivers are now paying £763 on average for an annual car insurance policy. This is down £52, or 6%, over the past 12 months.

This is the third quarter in a row that car insurance prices have dropped year-on-year, and we are now seeing the lowest average prices since early 2019.

However, not everyone is benefitting from the falling prices. Our research shows that more than two in five drivers who received their renewal in the past quarter saw their price increase by £49, on average.

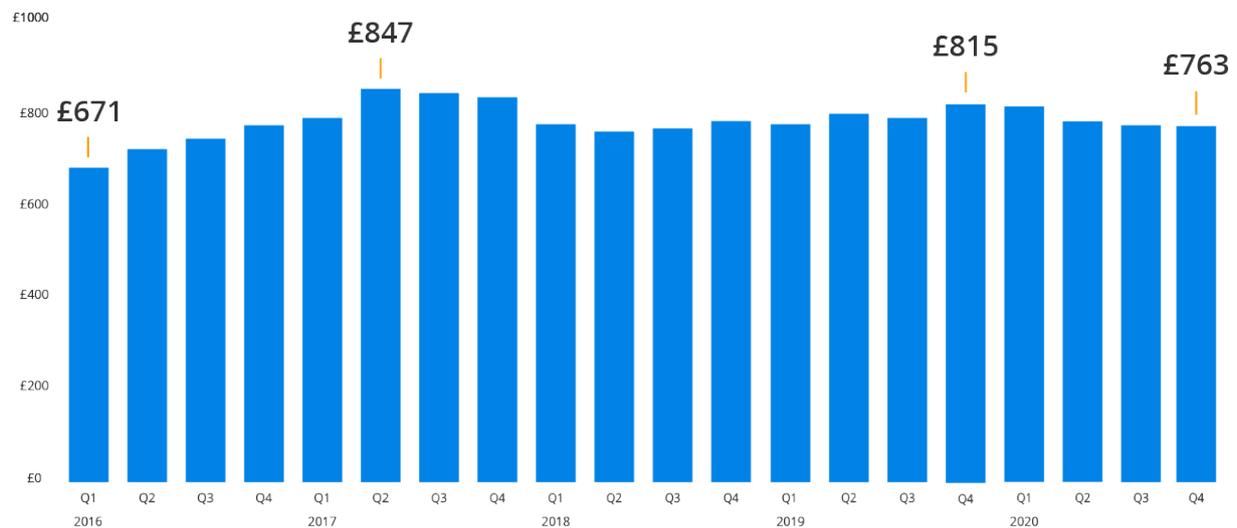
That's why Confused.com is still urging drivers to make sure they shop around before renewing. As Chief Executive Officer, Louise O'Shea, says, "We know from our research that insurers are still putting up renewal prices for some drivers. Even if the increase is small, please don't settle for this as there will be an insurer out there willing to offer a better price."

In fact, we're so certain of this that we're offering to make it even more worthwhile for drivers to compare prices. We are guaranteeing to beat drivers' car insurance renewal prices, or give them the difference, plus £20(1).

# The bigger picture

What's new this quarter?

## Confused.com price index reveals car insurance now costs £763 on average



Powered by Willis Towers Watson, the Confused.com price index for the fourth quarter of 2020 reveals the average price of car insurance in the UK is now £763. This is £52 (6%) less than it was 12 months ago, on average, and reflects a drop of £2 in the past three months. Looking at the data, this is the third successive quarter that prices have fallen.

The reasons for the fall are likely to be very similar to the falls we saw last quarter. Most of the UK has lived in lockdown for some or all of the past 12 months, due to the coronavirus pandemic. We are all consequently driving less, and the data suggests prices may have dropped to reflect this.

Indeed, further research by Confused.com shows that UK motorists expect to be driving almost 2,000 fewer miles this year, compared with last year, which should have a significant impact on the price they pay for insurance.

# The overall picture

## What changed this quarter?

However, motorists who choose to renew with the same insurer may not get to benefit from the savings. According to our research(2), more than two fifths of drivers who were due to renew over the past quarter said their renewal price was more expensive than the previous year. Nearly a quarter (24%) chose to stay with the same insurer, despite their price being more expensive.

The figures show that it doesn't pay to stay loyal, and new rules set out by the Financial Conduct Authority (FCA) will make it even easier for consumers to cancel their to cancel the automatic renewal of their policies and switch to a better deal(3). The ruling, which is expected to come into force from July this year, is set to prohibit insurers from calculating a price based on whether the customer is a new customer or a renewing customer. However, prices could still increase year-on-year, and the FCA has been clear that shopping around will still give customers opportunities to save.

In fact, according to Louise O'Shea, CEO at Confused.com, the only way for customers to truly know if they're getting the best price available to them is to shop around, as there's likely to be an insurer offering a better deal.

# Price by age

Young or old, who is saving the most?



During the quarter, prices have fallen for most age groups. For instance, 36-year-old drivers are now paying £41 (6%) less than last year, with an average price of £630. The biggest savings to be had are for drivers in their early twenties. In particular, 21-year-olds are now saving £125 (8%) compared to this time last year. But that's with the caveat that their average prices are still very high, at £1,525.

For younger drivers, it's a different picture from the norm. Both 17-year-olds and 18-year-olds have seen their prices increase year-on-year. They are now paying £6 (0%) and £13 (1%) more than 12 months ago, respectively.

These age groups tend to have the most expensive premiums anyway, due to their lack of experience. Their premiums have probably gone up due to the constrictions imposed by the coronavirus, which make it even more difficult for them to gain driving experience.

# Prices by region

Is everywhere paying less?

## South Wales



**£659**  
**↓ 2%**

The good news is consistent across the UK, with prices falling across every region. In particular, drivers in South Wales have seen the biggest saving, with prices now £76 (10%) cheaper year-on-year, bringing them now to £659, on average.

# Prices by region

Is everywhere paying less?

## Central Scotland



## East & NE Scotland

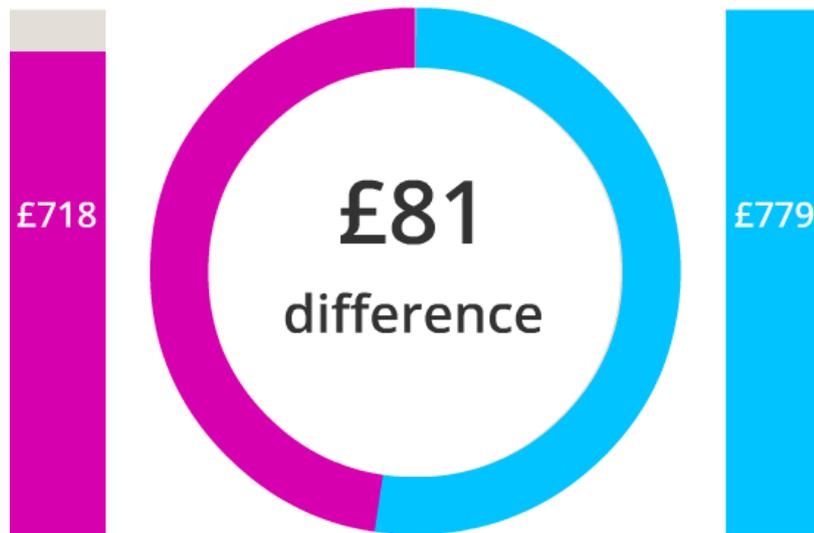


Drivers in eastern and north-eastern Scotland saw the biggest drop in proportion to their average premium, saving 11% (£66) compared to this time last year, and are now paying £560, on average.

Despite the fact that prices have fallen everywhere, some drivers are still paying considerably more than the UK average. For example, the average cost of car insurance in Inner London is now a whopping £1,220, even after a decrease of £40 (3%) in the last 12 months. The same is true of Manchester and Merseyside, where drivers are still paying £984, despite saving £69 (7%) year-on-year.

# Prices by gender

Men or women: who pays more?



The EU Gender Directive means that it's illegal for insurers to calculate insurance prices based on whether a driver is male or female. But men can still find themselves ending up with higher premiums, due to other risk factors that insurers take into account(4).

Men tend to drive more expensive cars, with bigger engines and more technology on board. So, if a male driver has an accident, he may well make a higher-value claim.

For these reasons, men can still end up paying more for their car insurance. The good news for men is that the average cost for car insurance has now fallen to £799, and this is the first time that their prices have dropped below £800 in two and a half years. Prices for women are now £718, which is £49 (6%) cheaper than 12 months ago.

Taking the new figures into account, the gap between the cost of insurance for men and women is now £81, on average, which is the smallest gap in the last five years.

# Expert view

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

"We're seeing some of the biggest car insurance savings for a long while and it couldn't come at a better time. It's been nearly 12 months since we first went into lockdown and this put so many people in a difficult situation, so I have no doubt this news will be welcomed by so many. We're at home and driving a lot less, it's only right our car insurance prices should reflect that.

"That said, it's important to remember that these savings are only being seen by those shopping around. We know from our research that insurers are still putting up renewal prices for some drivers. Even if the increase is small, 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 their renewal quote or give them 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.

# Note to editors

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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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