



Confused.^{com} car insurance price index

The most comprehensive analysis of
car insurance pricing in the UK

Quarter 1 – 2022

Executive summary

Motorists see the biggest price drops in almost six years – 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 first quarter of 2022, shows that UK drivers can now expect to pay £550 on average for an annual car insurance policy.

For the first time in 18 months, the cost of car insurance has increased and prices are now more expensive than they were a year ago, on average. Prices have risen by £12 (2%) in comparison with this time last year⁽¹⁾.

This is the first analysis of car insurance prices by Confused.com since the introduction of pricing changes enforced by the Financial Conduct Authority (FCA), which has put a stop to insurers pricing new and renewing customers differently.

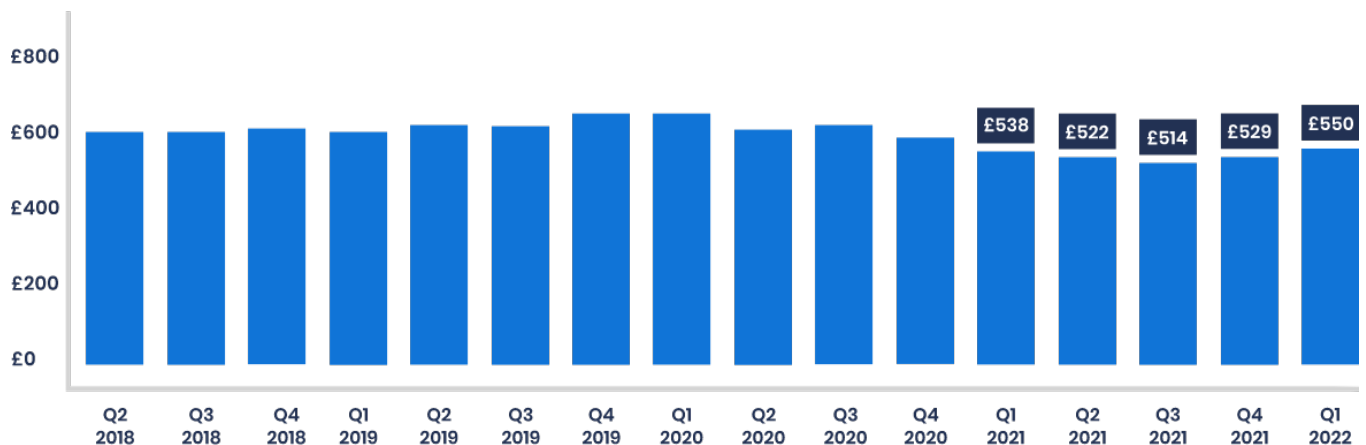
Under the new regulations, insurers must offer drivers the same price they would receive as a new customer buying in the same way.

But prices will still reflect any increases in the average cost of car insurance across the UK.

The bigger picture

How prices have changed

The latest Confused.com price index reveals car insurance now costs **£550 on average**



Powered by Willis Towers Watson, the Confused.com price index for the first quarter of 2022 reveals the average price of car insurance in the UK is now £550. This is £12 higher compared to this time last year, on average.

This is the highest prices have been since the end of 2020, having increased by £21 (4%) in the past three months alone.

While this may come as bad news to drivers, further research by Confused.com shows that loyal drivers could be paying more by choosing to stick with their renewal price. A survey of 2,000 UK drivers⁽³⁾ found that more than 2 in 5 (42%) of those who received their renewal in the past quarter saw their price increase year-on-year by £39, on average.

As the cost of a new policy through Confused.com increased by just £12 in comparison during the same period, drivers could have saved money by shopping around, despite the rising prices.

As Louise O'Shea, Confused.com's Chief Executive Officer, states: "It's worrying that so many people believed the pricing changes that came into effect in January would guarantee them a cheaper price. Data proves that there still is the need to shop around."

The bigger picture

What's new this quarter?

In fact, Confused.com is so confident that there are lower prices available to drivers who shop around that we're making it even more worthwhile to spend a moment finding the best quote. We guarantee to beat drivers' car insurance renewal prices, or give them the difference, plus £20(2).

This is the first analysis of prices by Confused.com since the changes introduced by the Financial Conduct Authority (FCA) which have stopped insurers pricing new and renewing customers differently(4).

After the changes, 1 in 5 (19%) drivers who received their renewal in the past three months wrongly believed that their renewal wouldn't increase.

But their renewal premiums are simply reflecting the increases in the average cost of car insurance across the UK.

Prices have been creeping up for the past six months, with drivers today paying £36 more than those who bought a new policy six months ago, on average.

So the FCA changes probably aren't the driving force behind the price increases. Since lockdown has eased, the number of cars on the road has increased, which means the number of insurance claims has risen too.

To reflect the amount of money that insurers are paying out on claims, they are having to raise their prices.

The bigger picture

What's new this quarter?

As Louise O'Shea, CEO at Confused.com, says: "Just like many of our household bills, car insurance costs are starting to increase, and this is mostly down to the fact that we're driving a lot more now than we were 12 months ago, and this means the number of claims insurers are paying out on is likely to have increased too."

Even though prices have increased, drivers should still be able to find an insurer that can offer them a better price for the cover they need. So it's now more important than ever before to shop around and find a competitive price at renewal.

Price by age

Which age is seeing cheaper prices?



While prices are increasing for most of the UK, there are also some drivers who will see a cheaper price when they shop around.

In particular, 17-year-olds are now paying a staggering £83 (7%) less compared to drivers of the same age 12 months ago. In fact, first-time drivers are paying an average price of £1,166, which is the lowest price on record.

It's a similar story for 18-year-olds. By shopping around, they can save £23 (2%) compared to 12 months ago, on average. But this is still the most expensive age for young drivers, with their premiums at an eye-watering £1,419, on average.

According to the data, prices fall below £1,000 once drivers reach the age of 24.

Prices by region

North, south, east or west?

The price a driver pays will vary depending on where they live, with some drivers paying more than double what others are paying.

Inner London



Scottish borders



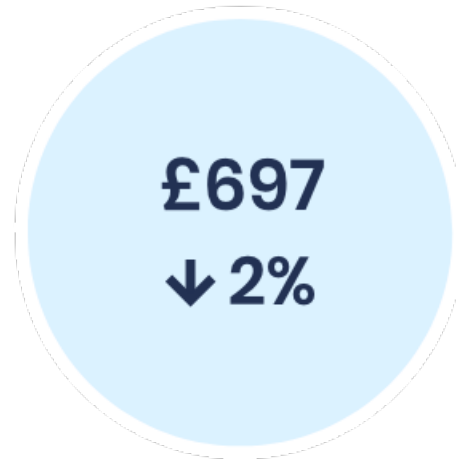
Inner London is the most expensive area in the UK for car insurance, where motorists are now paying £864. They have seen an £18 (2%) increase in the past 12 months, on average.

On the other hand, drivers in the Scottish Borders pay £370 in comparison, despite an £18 (5%) increase year-on-year, on average.

Prices by region

Where have prices risen the most?

Manchester & Merseyside



Drivers in some areas will see a saving when shopping around for their car insurance. The average cost in Manchester and Merseyside fell by £11 (2%) in the past 12 months to £697. That's good news for drivers, as this is the most expensive area of the UK outside of London for car insurance.

Drivers in Northern Ireland have seen the biggest rise in prices in the past 12 months, with the average premium now £56 (11%) more expensive year-on-year, on average. Drivers in Northern Ireland now pay an average of £581. Looking more locally, motorists in Bolton are seeing the biggest drop in prices year-on-year, as the average premium in the area fell by £31 (4%) to £693. Meanwhile, a mere £8 (1%) drop in prices in Stockport over the past 12 months puts the average cost of car insurance in the area at the lowest on record, at £518, on average.

Prices by gender

Do men or women pay more?



The data shows that it's men who are paying out more for their insurance, by around £100, on average.

Male drivers typically pay £587 for their cover, following a £13 (2%) increase in the past year.

Women pay £487 for their cover, on average. That's £10 (2%) higher than the price paid by women 12 months ago.

Insurers cannot calculate insurance prices based on a person's gender, following the stipulations of the EU Gender Directive⁽⁵⁾.

Despite that, men do normally end up with larger premiums. This is because men tend to choose more expensive cars with bigger engines and more technology. Consequently, if they have an accident then their insurance claim will tend to be for a higher amount.

Expert view

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



“Just like many of our household bills, car insurance costs are starting to increase, and this is mostly down to the fact that we’re driving a lot more now than we were 12 months ago, and this means the number of claims insurers are paying out on is likely to have increased too.

“It’s worrying that so many people believed the pricing changes that came into effect in January would guarantee them a cheaper price, and I have no doubt they had quite a shock when they received their renewal notice and it was higher. This is purely down to the fact that the cost of insurance is going up, and this stands for renewal prices too.

“Data proves that there still is the need to shop around. Yes, prices have increased, but it’s very likely that there will be another insurer that can offer a better price for the cover you need, as the market is more competitive than ever. And this is why we’re offering to beat your renewal quote or give you the difference, plus £20(6). In the current climate, saving money where we can is more important than ever, so please don’t settle for your renewal, and see if we can help you save money.”

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 & 3) Research carried out by One Poll on behalf of Confused.com of 2,000 UK drivers who have car insurance policies. This was conducted between 8 April and 13 April 2022.

(2 & 6) Terms & conditions apply. Must be a like-for-like policy. <https://www.confused.com/beat-your-renewal/terms-and-conditions-car-insurance>

(4) <https://www.fca.org.uk/news/press-releases/fca-confirms-measures-protect-customers-loyalty-penalty-home-motor-insurance-markets>

(5) 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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www.confused.com/car-insurance/price-index

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 an insurance company or lender. 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. Confused.com is authorised and regulated by the Financial Conduct Authority.

Media information

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, optimise 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.