



Confused.^{com} car insurance price index

The most comprehensive analysis of
car insurance pricing in the UK

Quarter 3 – 2021

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 third quarter of 2021, shows that UK drivers can now expect to pay £514 on average for an annual car insurance policy. This is a fall of £97, or 16%, over the past 12 months.

This is the fourth quarter in a row where car insurance costs are significantly cheaper than in the previous year. In fact, they are now at their lowest ever for more than six years.

Yet drivers can't be complacent. The research shows that prices are starting to creep up again for some drivers, rising by as much as £23 in some postcodes in the past three months.

At the same time, drivers are probably seeing other household bills rise, which shows why Confused.com urges drivers to shop around before renewing their car insurance.

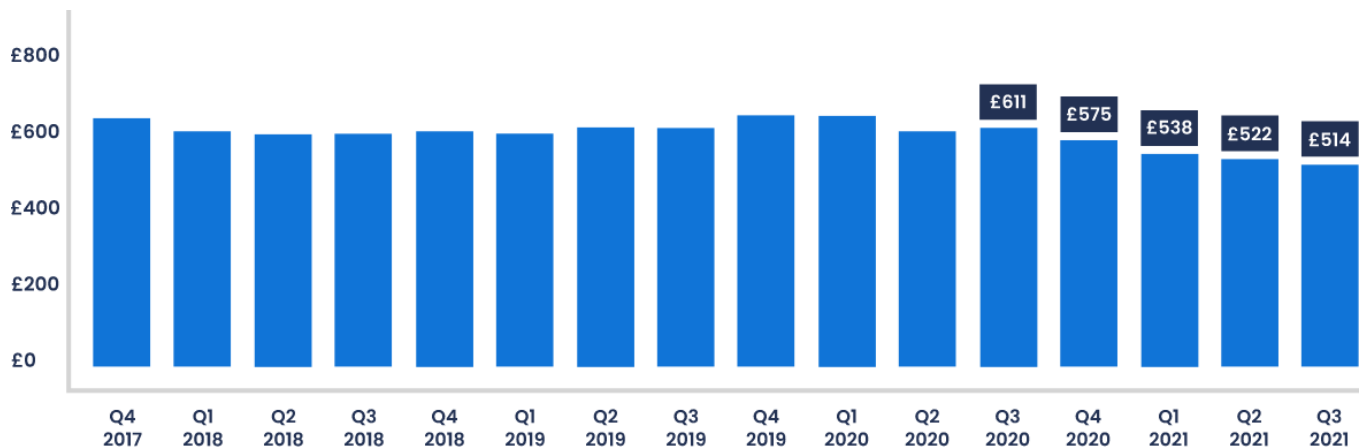
As Louise O'Shea, Confused.com's Chief Executive Officer, states: "Unfortunately, we are also seeing a lot of other household bills increase, particularly energy, so it's more important than ever for consumers to be making savings while they can. At the moment, this can be done by shopping around and saving on car insurance. I personally was able to save money during my last car insurance renewal, with the added bonus of getting a free £20 Halfords voucher, just from a simple switch!"

At Confused.com, we are so confident that there are lower prices available for drivers that we're making it even more worthwhile to shop around and find the best quote. We guarantee to beat drivers' car insurance renewal prices, or give them the difference, plus £20(1).

The bigger picture

What changed this time?

The latest Confused.com price index reveals car insurance now costs



Powered by Willis Towers Watson, the Confused.com price index for the third quarter of 2021 reveals the average price of car insurance in the UK is now £514. This is a fall of £97 (16%) in comparison with prices 12 months ago, on average, and a drop of £8 over the past three months. The data shows that this is the fourth 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.

Separate research by Confused.com confirms this⁽²⁾. UK drivers told us they were driving a lot less frequently, while police forces reported a 26% decline in the number of accidents they attended to⁽³⁾. As risk fell, insurers were able to reduce their prices to reflect the fact that fewer claims were likely to be made. Hence the significant savings that drivers have been seeing.

The bigger picture

What's new this quarter?

However, these savings are only being seen by those who are shopping around, as new research⁽⁴⁾ shows that insurers are still increasing the prices of renewals for some customers. Our research shows that more than two in five (41%) of drivers who renewed their insurance during the past three months claim their renewal price was £47 higher than the previous year, on average.

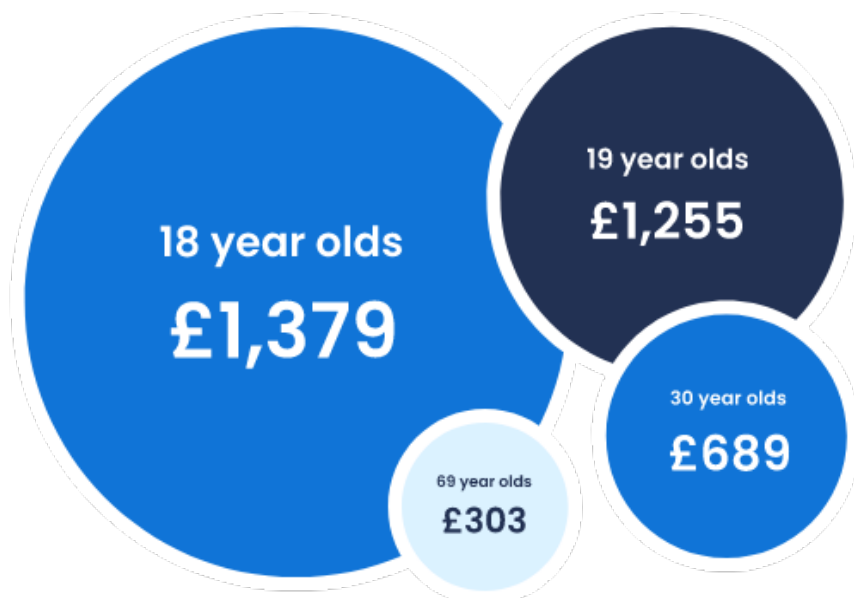
There could be good news on the horizon though. New regulations set out by the FCA⁽⁵⁾ will stop insurers from being able to offer a price to a customer based on whether they are taking out a new policy, or renewing one. Yet this doesn't stop insurers from increasing prices altogether. And by staying put, drivers could be missing out on impressive savings.

As Louise O'Shea, CEO at Confused.com, says: "From January there will be some important changes to the way insurers are pricing customers, and the concern is that customers will accept a flat or slightly lower price and simply choose to renew. However, the saving we're seeing today goes to prove how competitive insurers are being."

To sum up, the only way drivers can be sure of finding a competitive price at renewal is by shopping around.

Price by age

Young or old, who saves the most?



Insurance prices are at a five-year low for the majority of drivers, across all ages. But younger drivers are seeing the biggest savings this quarter. That's probably because they pay the most to begin with.

For example, 18-year-olds have the most expensive car insurance costs, forking out a whopping £1,379 a year, on average. But in the past 12 months, they've seen their costs fall by an average of £176 (11%).

There are even bigger savings for some younger drivers, as 19-year-olds are paying out £182 (13%) less than people the same age did 12 months ago. Their average premium is now £1,255.

Drivers in their 20s and early 30s are also seeing prices drop by £100 or more, but the savings diminish for drivers in their 60s. In fact, those aged 66 and 69 are seeing the smallest savings of £71, on average. For a 69-year-old, this is a 19% decrease on the price their age group paid 12 months ago.

Prices by region

North, south, east or west?

Inner London



Drivers in some regions of the UK have seen a bigger drop in their insurance costs than others. In particular, drivers in Inner London have benefitted from the greatest savings, with the average cost now £164 (17%) cheaper compared to 12 months ago. But it's worth bearing in mind that this is still the most expensive place in the UK for car insurance, with the average premium still an eye-watering £804.

Prices by region

North, south, east or west?

Manchester and Merseyside



South West



Drivers in Manchester and Merseyside have also seen a fall in their premiums, with the price dropping by £159 (20%) in 12 months. They now pay out £646, making this the most expensive region for insurance outside of London.

For the smallest change in car insurance costs, we have to look to the South West, where drivers are saving £53 (13%) in comparison with 12 months ago. This may seem like a small adjustment, but it all adds up. In fact, drivers in the region are only paying £346 a year for their car insurance policies, on average.

One final thing to note. Prices in some postcodes have increased by as much as £23 in the past three months. Insurers may be adjusting their pricing to reflect changing driving habits. For instance, people who have left cities due to home working, or used lockdown as a chance to save and buy a home somewhere else.

Prices by gender

Male or female?



In the past quarter, male drivers have been able to save more money than women when shopping around. The average cost of insurance for male drivers is now £549, which is a £103 (16%) drop compared to last year.

Female drivers are now paying an average of £456, which is an average fall of £88 or 16%. So the difference between genders currently stands at £93.

It's worth remembering that the EU Gender Directive stipulates that insurers cannot calculate insurance prices based on a driver's gender. But men still do tend to have higher premiums(6).

This is down to a number of things. Men tend to drive more expensive cars than women, with bigger engines and more technology. So, if they have an accident, their insurance claim is likely to be for a higher amount.

Expert view

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



“It’s likely that prices could start to creep up as people return to work and people are spending more time travelling on the road, which all means the risk of accidents is a lot higher. We’re already starting to see this in some areas of the UK. And this will mean that the overall price of insurance will increase, and your renewal could too. It’s important to remember that the FCA ruling doesn’t stop insurers from increasing your price altogether.

“Please don’t settle for one quote from your insurer. We know that there will always be a saving to be made. 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) Based on an online poll of 2,000 UK drivers. The research was conducted between 2 March and 4 March 2021. According to the research, the average annual mileage dropped from 7,239 pre-lockdown to 4,113 during the 2020 lockdown.

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

(4) 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 October and 12 October 2021. 2. <https://www.fca.org.uk/news/press-releases/fca-confirms-measures-protect-customers-loyalty-penalty-home-motor-insurance-markets>

(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.

Note to editors

Confused.com press office:

Chloe.Ostrolenk@confused.com Lauren.David@confused.com

Katie.Vizard@confused.com

For further information:

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 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.

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, 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.