



# Confused.<sup>com</sup> car insurance price index

The most comprehensive analysis of  
car insurance pricing in the UK

**Quarter 4 – 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 fourth quarter of 2021, shows that UK drivers can now expect to pay £539 on average for an annual car insurance policy.

Although this is £36, or 6%, less than prices 12 months ago, it still represents a rise of £25 over the last three months<sup>(1)</sup>.

The signs suggest that car insurance prices are returning to their pre-pandemic levels. Given the current cost of fuel and the uncertainty surrounding the energy market, an increase in car insurance prices will no doubt hit drivers' wallets hard.

That's why Confused.com is urging drivers to shop around before renewing their car insurance.

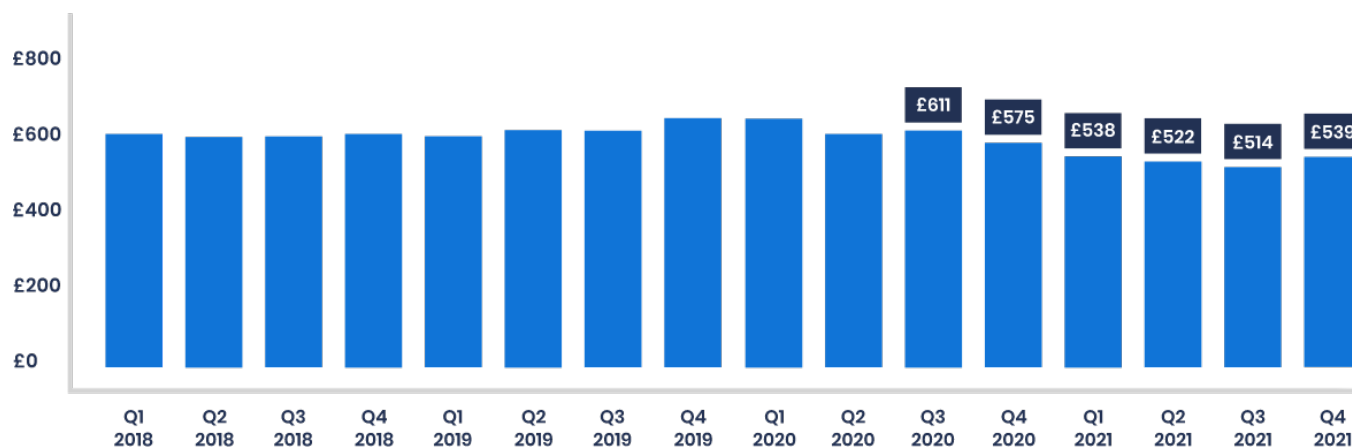
As Louise O'Shea, Confused.com's Chief Executive Officer, states: "Customers who are shopping around are still receiving prices that are cheaper than 12 months ago, which is especially good news at the moment, as some customers are still seeing their renewal price increase year-on-year. This just goes to prove that there are still plenty of better deals out there."

In fact, Confused.com is so confident that drivers can find lower prices by shopping around that we're making it even more worthwhile to spend a moment to find the best quote. We guarantee to beat drivers' car insurance renewal prices, or give them the difference, plus £20<sup>(2)</sup>.

# The bigger picture

## How prices have changed

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



Powered by Willis Towers Watson, the Confused.com price index for the fourth quarter of 2021 reveals the average price of car insurance in the UK is now £539. This is £36 lower than prices 12 months ago, on average, but is £25 more than they were three months ago.

Over the past year, prices have been significantly cheaper, with annual savings varying between 9% to 16% when shopping around each quarter. In fact, at one point in 2021 average prices were as much as £97 cheaper year-on-year.

The reason for the fall in prices isn't difficult to imagine. A significant drop in the number of cars on the road throughout the coronavirus pandemic meant that fewer insurance claims were being made. This led to a sharp drop in premiums, with prices reaching a six-year low last quarter. However, drivers are now beginning to spend more time on the road, and the number of claims being made is increasing. That means the cost of car insurance is rising once again, and it could soon return to pre-pandemic levels.

# The bigger picture

## What's new this quarter?

In fact, if price rises continue at their current rate of around 5% each quarter, in just three months the average cost of insurance could be more expensive than it was 12 months ago. Drivers could be looking at insurance costs as high as £566 next quarter.

As well as the rising trend in prices, drivers also have to steer a course through changing legislation. The Financial Conduct Authority (FCA) has introduced insurance pricing changes which could lead to confusion for drivers<sup>(3)</sup>. Under the new regulations, insurers must offer drivers the same price they would receive as a new customer buying in the same way.

This may mean that drivers think they are guaranteed a cheaper or flat premium, but this will not always be the case.

As Louise O'Shea, CEO at Confused.com, says: "As claims costs continue to increase, we expect to see car insurance prices rise too, regardless of the change in pricing regulations by the FCA. And this will be particularly noticeable when we receive our renewal price after 18 months or so of considerably cheap premiums."

# Price by age

What do younger and older drivers pay?



It's no surprise that younger drivers are still bearing the brunt of expensive car insurance costs. Drivers aged 18 are forking out a staggering £1,407, on average.

However, the price rises during the past quarter have hit 20-year-olds hard. They can now expect to pay out an average of £1,268, which is more than the average premium for 17-year-olds.

This is probably because there are fewer 17-year-old newly-qualified drivers on the road. The pandemic put a halt to driving lessons, and there is a backlog of tests to get through too.

The rises of the past three months have affected every age of driver. For instance, 30-year-olds have seen their prices creep up by £24 (3%) to £713, on average, while 69-year-olds have seen an increase of £7 (3%) to leave them with an average price of £310.

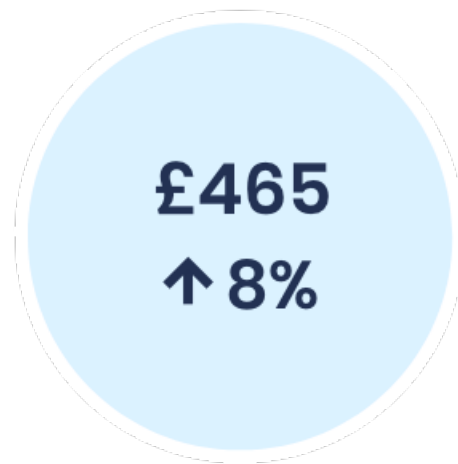
But the drivers who are seeing the biggest shift in their car insurance costs are 21-year-olds, with their prices now a whopping £95 (9%) more expensive than just three months ago.

# Prices by region

Which areas are seeing the biggest rises?

Compared with Quarter 3 last year, there has been an average increase of 5% across the UK. Yet some areas have seen even steeper increases.

## Central Scotland



In particular, motorists in Central Scotland are now paying 8% (£33) more than those shopping around just three months ago, with the average premium in the region now standing at £465.

# Prices by region

North, south, east or west?

## Outer London



## Manchester and Merseyside



There have been similar sharp rises in Manchester and Merseyside, Outer London, West Midlands and Leeds and Sheffield too. In all these regions, drivers can expect to pay 6% more on their car insurance costs.

The most expensive area for car insurance is still Inner London, where premiums have reached £843, following a £39 (5%) increase in the past three months. The good news is that this is still £60 (7%) lower than the price paid by drivers in the region 12 months ago.

# Prices by gender

Do men or women pay more?



Prices have risen for both men and women in the past quarter, but it's male motorists who are forking out the most when it comes to their car insurance.

The average cost for insurance for male drivers is now £576, which is £27 (5%) more than three months ago.

Female drivers are paying an average of £478 in comparison, following a £22 (5%) increase in the past three months.

There's a silver lining to this cloud. Despite the rises, both men and women have been able to make savings when shopping around, as the latest prices are still £36 (6%) and £35 (7%) cheaper year-on-year, respectively.

It's important to note that insurers cannot calculate insurance prices based on a person's gender, thanks to the stipulations of the EU Gender Directive<sup>(5)</sup>.

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



# Expert view

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



“Car insurance prices rising is not the happy news we wanted to state the year with, however it’s also not completely unexpected, as people resume their normal driving habits, and the cost of vehicle repair and replacement continues to increase.

It’s really important that we remember the new rules set out by the FCA do not mean our renewal price will be the best price we can get. If anything, these changes have made the market even more competitive, so there will likely be an insurer out there that could be cheaper or offer a better deal for the cover you need.

Please don’t settle for your renewal 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(6).”

# 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) 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 6 January and 11 January 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>

(3) <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](http://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.

# 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](http://willistowerswatson.com).