



Car insurance price index

The most comprehensive analysis of
car insurance pricing in the UK

Quarter 1 - 2017

Executive summary

Car insurance price hikes continue to accelerate, rising by £110 annually

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 four million car insurance quotes to provide insight and analysis across the market.

The latest index shows that the UK is currently experiencing a period of rising car insurance costs. In the first quarter of the year (Q1 2017), which covers the period from January to March, motorists on average paid 2% more for a comprehensive car insurance policy than they did in the three months before (Q4 2016).

Meanwhile, looking back over the past year, car insurance prices have risen by a staggering 16%, meaning motorists can expect to pay £110 more than they did only 12 months ago. These quarterly and yearly rises bring the average quoted premium for an annual comprehensive car insurance policy to £781. And it means motorists are now paying just £77 less than the highest ever average premium - £858 - seen in Q2 2011.

While nearly all drivers will have experienced a rise in the cost of their car insurance, it's clear some motorists are being impacted more than others. For example, drivers under the age of 26 account for the 10 largest annual monetary increases of all age groups, with 17-year-olds paying £202 - or 11% - more than last year.

Meanwhile, there continues to be a worrying disparity between how much men and women pay for their premiums. While both sexes have seen the cost of their car insurance go up, men typically spend £824. This is £96 more than female drivers, who pay £728 for their car insurance on average.



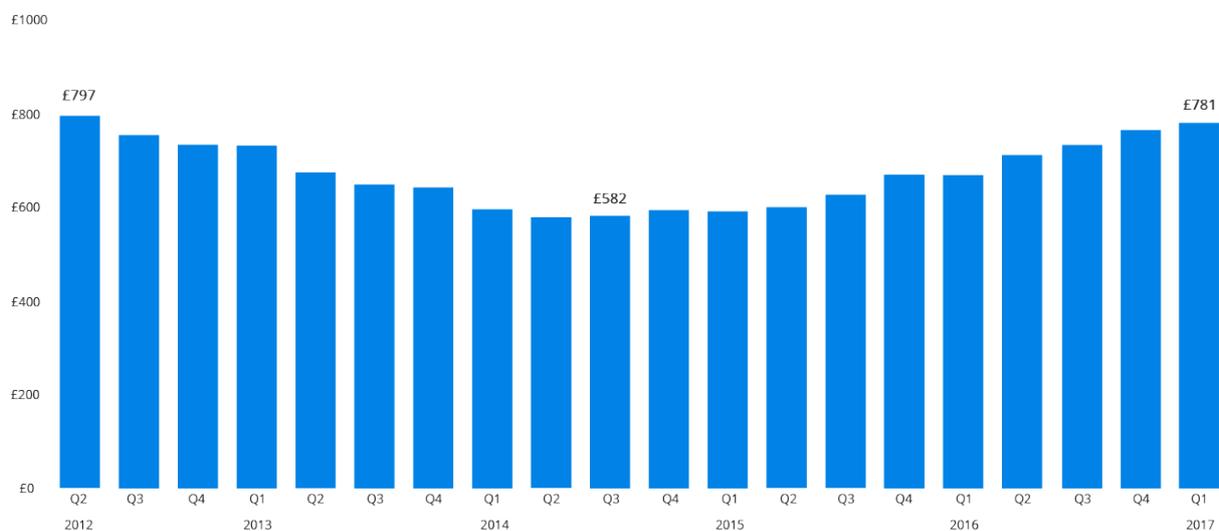
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Looking ahead into the near future, unfortunately for cash-strapped motorists it appears that prices are likely to continue climbing, perhaps even passing the £1,000 mark next year due to extra pressures imposed on the insurance industry. This includes the Ogden rate cut which will see insurers paying out more for personal injury claims, as well as an increase in Insurance Premium Tax (IPT) in June to 12%.

With this in mind, it's imperative that drivers of all ages seek to reduce the cost of motoring wherever they can, which starts by getting the best deal possible on their car insurance come renewal time.

Car insurance prices on the up again!



Motorists are facing a steep climb in the cost of car insurance, according to the latest Confused.com car insurance price index powered by Willis Towers Watson. Over the last 12 months, prices have rocketed by 16% - equivalent to £110 - on average.

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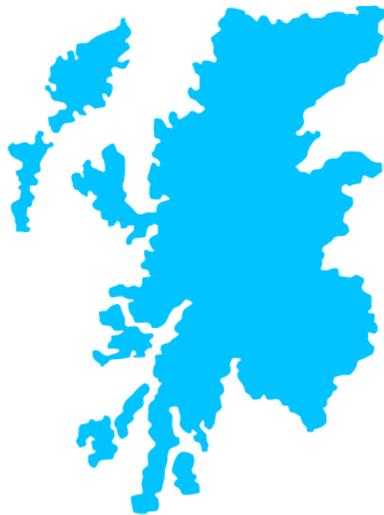
This means a driver can now expect to pay £781 for a typical comprehensive car insurance premium, compared to just £671 this time last year.

In terms of a quarterly increase, drivers face another bump in the road. Prices have risen by 2% in Q1 2017, equating to an additional £14 on premiums over the last three months alone.

Coupled with hikes in road tax for new cars and petrol prices rising 4.6p to 119.7p/l since the start of 2017, and it's likely that many motorists will be feeling the pinch when it comes to the cost of owning and running a car.

Price by Region

Car insurance prices on the up again



Scotland Highlands & Islands



Looking across the UK, increases in premiums can be felt in most areas, with no region escaping an annual price hike.

Scotland accounts for the highest percentage annual increases across the board, with the Scotland Highlands and Islands facing a whopping 21% - or £102 - rise in car insurance prices. This is followed by Eastern & North Eastern Scotland (20%) and the Scottish Borders, and Central Scotland region (19%).

However, drivers in the Borders are still paying the least for their premiums (£547) compared to motorists in other parts of the country. Those in Inner London, for example, are paying £1,260 on average after a 16% (£174) annual increase in the cost of their car insurance.

Price by Region

Car insurance prices on the up again

Manchester & Merseyside



Central & North Wales



Manchester and Merseyside drivers have also been stung this quarter, having seen the largest increase over a three-month period of 4%, or £38. But motorists in Central and North Wales have managed to escape with a much welcome -2% (-£13) drop. In fact, drivers in this Welsh region have also seen the lowest annual increase of any other - just 11%, or £59.

Motorists in the South West and Northern Ireland can also take some small comfort in the fact their premiums have dropped this quarter by £1, despite their car insurance being up 15% and 17% year-on-year.

Some more local price rises are hitting certain corners of the UK more than others. This includes drivers in Bradford and Uxbridge who will have seen the biggest rise in car insurance costs over a 10-year period, with motorists in these areas seeing their premiums double.

Price by Region

Car insurance prices on the up again

Motorists in Inverness are also paying more than they've ever paid for their premiums (£585) following a 26% annual increase. And the areas of Luton, Hebrides and Harrogate are within just 2.5% of paying their highest ever premiums, which is perhaps indicative of the expected record high premiums to come.

However, it's London drivers who continue to have the most expensive policies - eight areas within the Inner and Outer London regions account for the priciest premiums in the UK. East London drivers pay the most for car insurance overall, with the average premium rising 16% (£209) year-on-year to £1,514.

Price by Age

Car insurance prices on the up again



Motorists of all ages have been hit with price rises over the last 12 months.

However, facing the highest annual increase are 66-year-olds, whose premiums have gone up a hefty 23% - or £84 - since last year. In comparison, 18-year-olds have seen the lowest percentage increase of 9% (£171), despite paying the most for car insurance (£2,164) of any other age group.

However, due to the fact that younger motorists tend to pay more for car insurance than older drivers, it does seem younger drivers are facing the biggest actual year-on-year price rises. Drivers under the age of 26 account for the 10 largest monetary increases of all age groups, with 17-year-olds paying £202 (11%) more than they were last year. This is compared to 68-year-olds, who are paying £40 (9%) more than 12 months ago.

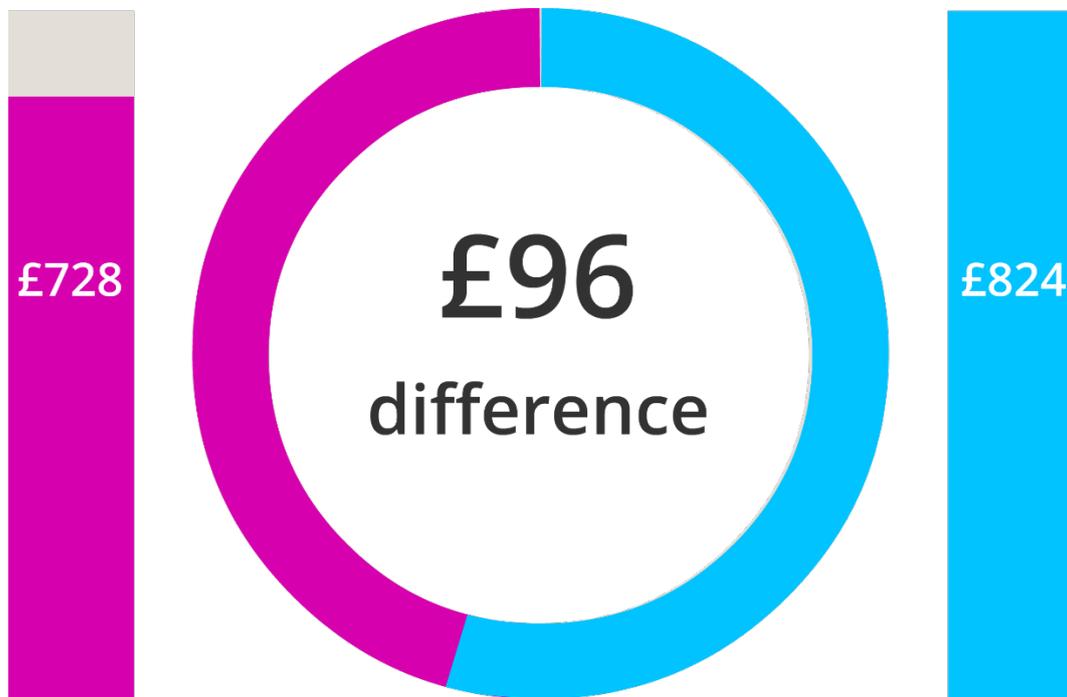
Price by Age

Car insurance prices on the up again

But 19-year-olds will have likely felt the biggest difference this quarter. They are now paying an extra £59 (3%) for their car insurance compared to drivers aged 71+ who have actually seen their premiums drop by -£13 (-3%).

Price by gender

Battle of the sexes



Both genders have seen their premiums accelerate over the past year, with men paying £119 (17%) more while women are paying £99 (16%) more.

But there continues to be a worrying disparity between how much men and women pay for their premiums. Men now spend £824 on average - £96 more than female drivers, who typically pay £728 for their car insurance. This is despite an EU directive which states that gender cannot be taken into account when calculating car insurance prices.

And, when considering certain age brackets, the variation between how much male and female drivers pay for car insurance is staggering. For motorists aged between 17 and 20, there is a whopping £617 difference, with male drivers in this age group paying £2,363 for their premiums compared to a - still hefty - £1,746 paid by their female counterparts.

Price by gender

Battle of the sexes

The gender disparity can be seen among more mature drivers, too. Even though 61 to 65-year-old women are paying the least for their premiums (£362) of any age bracket, men aged 61 to 70 are now paying more than they've ever paid. Car insurance prices

have peaked for this demographic, with male drivers aged between 61 and 65 now paying £518 after a 20% annual increase. Meanwhile, those aged between 66 and 70 now pay £487 following a year-on-year rise of 16%.

Expert view

Amanda Stretton, Motoring Editor at Confused.com says:

“Drivers across the UK are seeing car insurance prices accelerate and there seems to be no signs of slowing. With prices having risen 16% annually, the average driver is now paying a whopping £781 for their premiums - £110 more than they were paying this time last year.

“And as the industry adapts to additional pressures, such as the drastic Ogden rate cut and the hike in IPT to 12% from June this year, we could be on course to drive past the £858 peak we saw in 2011. As car insurance costs continue to climb, average premiums could even break the £1,000 barrier by next year.

“Thankfully, insurers are now required to show drivers their premium from the previous year at point of renewal. So being able to compare the amount they paid in the previous year and armed with the knowledge that prices are rising across the board, motorists should be more inclined to shop around.

“To get the best deal drivers should take note of their renewal price and run a quote through a car savings site, such as Confused.com, to see if they can get a cheaper car insurance premium elsewhere.”



Note to editors

More than 4 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.

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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).