



Car insurance price index

The most comprehensive analysis of
car insurance pricing in the UK

Quarter 2 - 2017

Executive Summary

Car insurance premiums ramp up to £847 on average

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 a quarter 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 second quarter of the year (Q2 2017), which covers the period from April to June, motorists on average paid 8% more for a comprehensive car insurance policy than they did in the three months before (Q1 2017). In real terms this equates to an average increase of £66.

Meanwhile, looking back over the past year, car insurance prices have risen by a staggering 18%, meaning motorists can expect to pay £132 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 £847. This is just £11 less than the highest ever average premium - £858 - seen in Q2 2011.

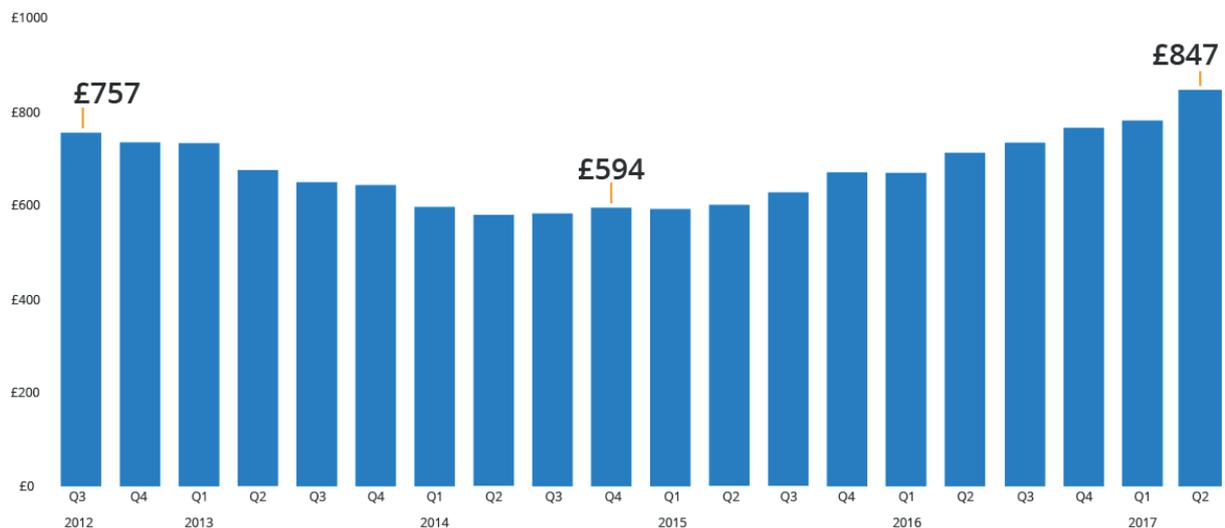
While nearly all drivers will have experienced a rise in the cost of their car insurance, it seems younger drivers have seen some of the sharpest increases. Those aged 21, for example, have seen the average cost of car insurance rise £315 (21%) over the past year - the biggest annual monetary increase of any age. Meanwhile, all drivers aged between 17 and 27 years old can now typically expect to pay over £1,000 for their car insurance.

Looking ahead into the near future, unfortunately for cash-strapped motorists it appears that prices are likely to continue climbing. 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.

The overall picture

What were all the major changes this 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 quarter, prices have rocketed 8% - equivalent to £66 - on average. This means a driver can now expect to pay £847 for a typical comprehensive car insurance premium, compared to £781 three months ago.

In terms of an annual increase, drivers face another bump in the road. Prices have risen by 18% year-on-year, equating to an additional £132 on premiums over the last 12 months.

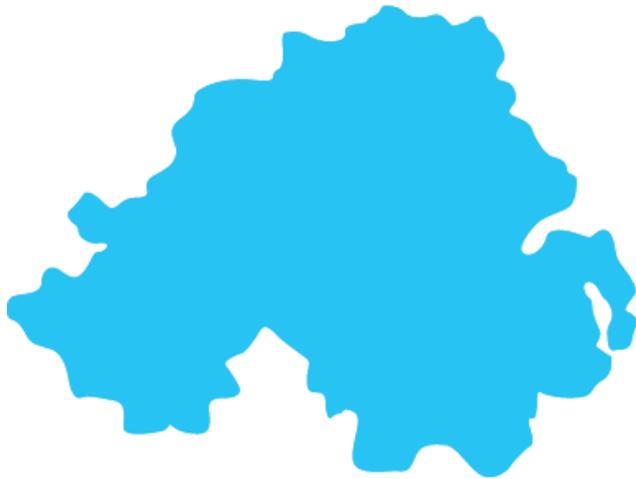
The rate of the increase can largely be attributed to extra pressures recently imposed upon the industry. These include the Ogden rate cut, which sees insurers paying out more for personal injury claims, and an increase in Insurance Premium Tax (IPT) in June.

To show how great an impact these decisions have had, since the Ogden changes were announced in February, prices have climbed by £100 in just four months.

Price by region

What's going on regionally?

Northern Ireland



Looking to the regions, while there is some disparity, no area of the UK seems to have escaped unscathed from car insurance price rises this quarter. In fact, 11 regions – including the East of England, South of England and West of England – are all paying the highest premiums they have ever paid.

Car insurance for motorists in Northern Ireland has broken the £1,000 barrier for the first time ever, with their premiums now higher than Outer London and the West Midlands. And while some areas of Scotland are better off than the rest of the UK, the region has faced a swathe of car insurance price rises.

Price by region

What's going on regionally?

West Midlands



Borders of Scotland



Drivers in the Borders of Scotland are still paying the lowest premium (£608) of any region, but only after surpassing the £600 mark and facing the highest annual increase (27%, £129).

Taking a longer term view, it seems motorists in West Midlands have suffered the most. Drivers in this region are not only paying more than they've ever paid for car insurance, they have seen their prices soar by 93% in 10 years and are paying almost double what they were a decade ago.

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.

Those aged between 25 – 42 years old and 54 – 70 years old are paying more than they have ever paid for their premiums. And while younger drivers still have some way to go before they hit the peak, all those aged between 17 and 27 years old are now paying over £1,000 for their car insurance, on average.

In fact, it seems younger motorists are bearing the brunt of the price increases. While 18 year olds are still paying the highest premiums of any other age group (£2,334), it's 19 year olds who will notice the biggest jump with their costs having soared by a staggering £202 (10%) this quarter alone. And 21 year olds have experienced the biggest monetary increase annually, with their car insurance ramping up by an eye-watering £315 (21%) since last year.

However, it's not all bad news. There is some respite this quarter for those hitting retirement age, with 66 year olds enjoying some of the lowest premiums of any age group (£467) and also experiencing the smallest quarterly increase of just 4% (£20).

Price by gender

Battle of the sexes



Even though the rules prohibit insurers to assess a driver's risk on their gender, the data shows men still have poorer claims experience than women, based on the value of claims, and this is reflected in the price of their premiums. As a result, the gap between what men and women pay for their car insurance has widened even further, with a £120 difference in price.

This is just £1 short of the pre-EU gender directive gap in (Q4 2011, £121). However, this is linked to the fact that men tend to drive more expensive cars with larger engines, on average, which means they have more expensive claims. And they have significantly more convictions than women.

Both male and female motorists have felt the wrath of sharp quarterly increases, of +9% (£77) and +7% (£53) respectively. Men have now broken the £900 barrier (£901) and are just £7 off paying their highest ever premiums (£908, Q2 2011).

While women are paying £781 on average and just £14 less than the most expensive car insurance they have ever paid (£795, Q2 2011).

Expert view

Amanda Stretton, Motoring Editor at Confused.com says:

“Car insurance prices are at tipping point and very soon we expect it will be the norm for drivers to be paying the highest prices ever for their premiums.

“We cannot say that we’re shocked by these figures, as following the Ogden rate cut and hike in IPT to 12%, we knew drivers would be taking a hit. Worryingly, there is every possibility that car insurance prices will be the most expensive on record by the end of the year.

“Since April this year, insurers are required to show drivers at renewal what they paid for their car insurance last year. So, being able to compare the amount they paid the year before, and armed with the knowledge that prices are rising across the board, motorists are better equipped than ever to shop around.

“As many as half of drivers can save £284 or more by shopping around at Confused.com, so drivers wanting to make savings should take note of their renewal price and take a few minutes to get a comparable quote online.”

Note to editors

More than 6 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).