



Car insurance price index

The most comprehensive analysis of
car insurance pricing in the UK

Quarter 4 - 2017

Executive summary

Car insurance set to break record prices and reach £900 by end of 2018

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 final three months of 2017, shows that UK drivers are now paying £827 on average for an annual car insurance policy. This is up £60, or 8%, over the past 12 months alone.

Nearly all drivers have experienced cost increases over the past year, but some drivers have fared worse than others. Motorists aged 65 and 67, for example, have both seen the cost of their premiums rise by 13% year-on-year. This is equivalent to increases of £60 and £59 respectively.

Meanwhile, it's been five-years since the EU gender directive came into effect, prohibiting insurers from assessing a driver's risk based on their gender. However, the data shows the price gap between the sexes continues to widen. On average, men and women pay £878 and £764 respectively, a difference of £114.

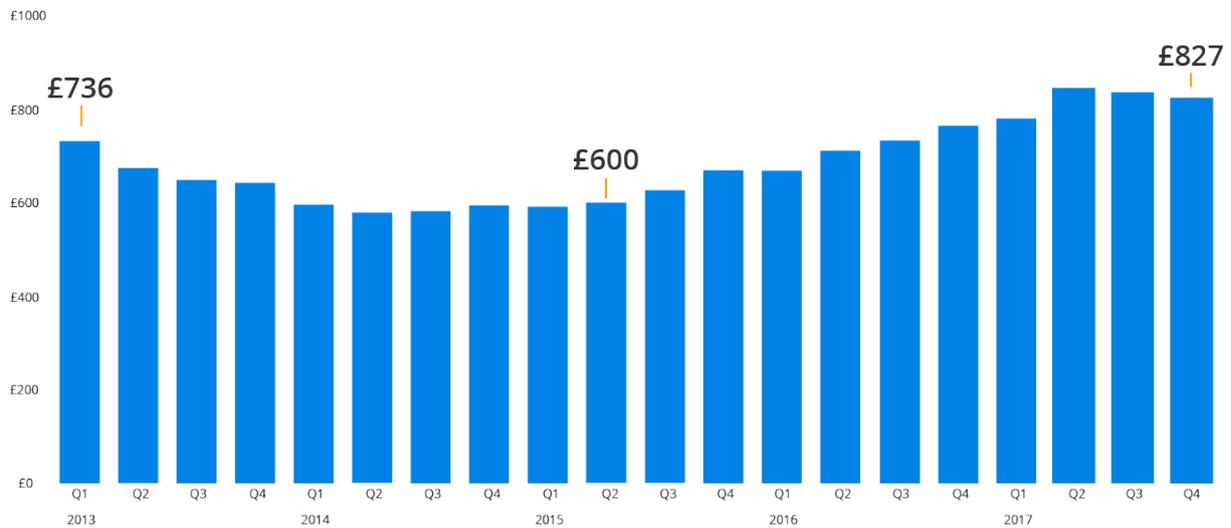
Looking ahead into the near future and premiums, currently being just £31 short of the highest ever average price (£858, Q2 2011), are set to reach their most expensive levels since the index began. This is following two years of almost consistent price increases amounting to a 23% rise.

With this in mind, it's imperative that drivers of all ages seek to reduce the cost of motoring wherever they can. Shopping around at renewal time might be a good start, as drivers could save up to £279* through Confused.com.

The overall picture

What were all the major changes this time?

Car insurance prices predicted to hit record highs before the year is out



Car insurance prices are £60 more expensive than a year ago, after accelerating by 8% over the past 12 months, according to the latest Confused.com car insurance price index, powered by Willis Towers Watson. Thanks to the increase, UK drivers are now paying £827 on average for an annual policy.

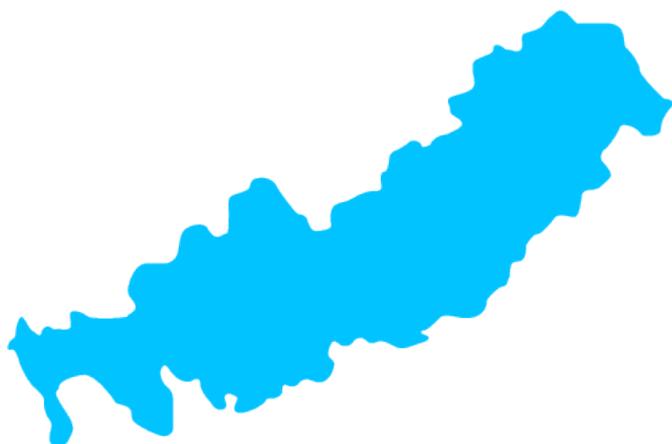
What's more, following an increase of 23% over the past two years, the average cost of car insurance is just £31 short of the highest average ever, which was seen in the second quarter of 2011 (£858). Should prices continue upwards, as expected, then the index will hit its highest ever by the end of 2018, perhaps reaching as much as £900.

But it's not only rising car insurance prices motorists are having to contend with, drivers are also paying significantly more for fuel than they were a year ago. According to Confused.com's fuel price index, which collates prices from 83% of the UK's fuel stations, drivers are now paying 121.4p for petrol and 124.2p for diesel, on average. This means the average driver of a medium-sized car is now paying £69.18 for a full tank of petrol and £70.77 to fill up with diesel.

Price by region

What's going on regionally?

Borders of Scotland



Drivers in Scotland will yet again be groaning when they check their renewal price, with three areas in the region facing the sharpest annual price hikes. Motorists in the Borders of Scotland saw a 17% annual increase, equivalent to £92. Meanwhile, drivers living in the East & North East of Scotland and the Scottish Highlands & Islands are facing 13% (£71) and 10% (£60) rises respectively.

The North Midlands also saw a substantial year-on-year increase of 11%, equivalent to £78, and motorists in this region are now paying more for car insurance than they ever have done. However, comparing the regions, it is drivers in Inner London who are facing the most expensive premiums of anywhere in the UK, having already surpassed the £900 mark to pay £1,283 on average. And drivers in Manchester & Merseyside, Outer London, the West Midlands and Northern Ireland are all paying over £1,000.

At a more local level, London City has faced the most significant price hike of any area with an increase of 30%, equivalent to £370, in this quarter alone. Drivers in this part of the capital are now paying a staggering £1,599 for their car insurance – more than any area of the UK, and £772 above the UK average.

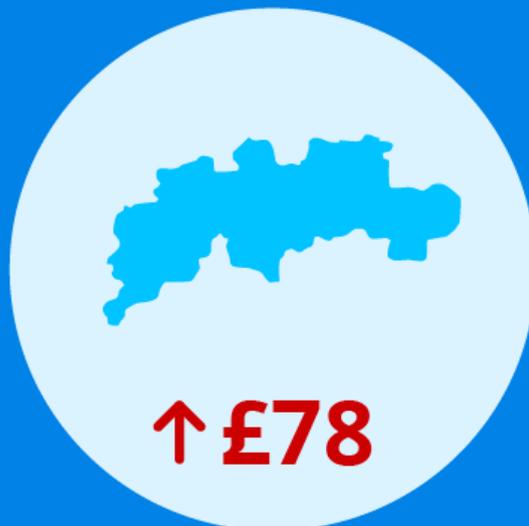
Price by region

What's going on regionally?

Scotland East and North East



North Midlands



Taking a longer term view, it seems drivers in Bradford have suffered the worst car insurance price increases, seeing their premiums more than double to £1,233 over the last 10 years. And drivers in Luton, Uxbridge, Blackburn, London City, Birmingham and Bolton have all seen their premiums rise by more than 90% over the last decade.

Price by age

Drivers over 60 facing steep rises



This quarter there is a marked difference between what certain age groups are paying for car insurance, with some drivers being stung with sharp increases. Motorists aged between 18 and 23 have all seen their premiums go up by over £100 since last year. In particular, 20 year olds may wince when they realise they are paying £173 more than people of the same age last year.

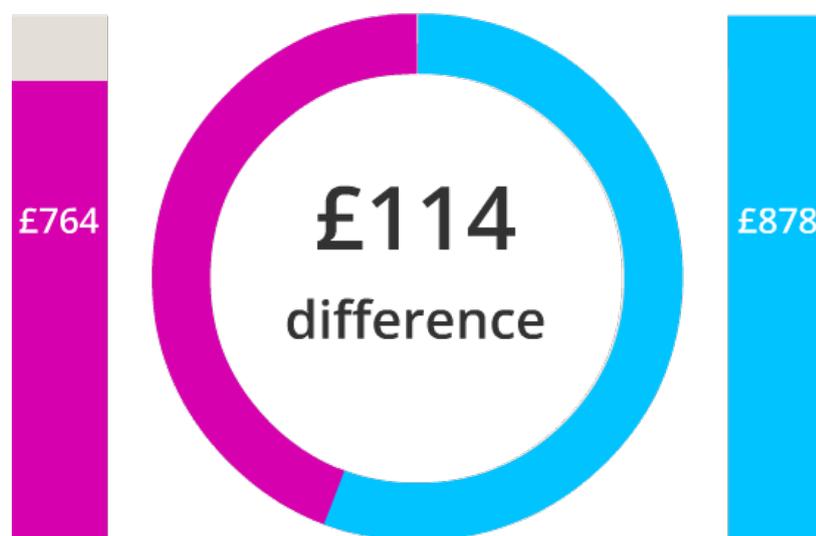
However, teenagers (17-19 year olds) are still bearing the brunt of sky-high car insurance costs as they pay over £2,000 on average, with 18 year olds now paying the most of any age (£2,220).

While younger drivers are used to paying through the nose for their car insurance, some drivers aged over 60 may have a nasty shock when they receive their renewal bill. This is because they face the most significant percentage rises. In fact, motorists aged 65 and 67 have seen the cost of their premiums rise by 13% year-on-year; a monetary increase of £60 and £59 respectively.

And 65 year olds have also experienced the biggest quarterly rise of 4%, equivalent to £21. Despite this, drivers aged 60+ are all paying under £600 on average, with 66 year olds paying the least for car insurance at just £460 a year. But their premiums are significantly more expensive compared to 10 years ago, when most drivers in their sixties were paying less than £300 annually.

Price by gender

Battle of the sexes



This quarter marks five years since the EU gender directive came into effect, a ruling which prohibits insurers from assessing a driver's risk based on their gender.

Despite this, male drivers are edging closer to the £900 mark and are paying £878 on average for their car insurance – £114 more than female motorists who are paying £764 on average. This is just £7 short of the greatest pre-EU gender directive gap (£121, Q4 2011).

While insurers are unable to assess 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, on average, so they make higher-value claims. They also have significantly more motoring convictions than women.

Since the directive came into effect, the gap between what men and women pay has closed for some age brackets. For example, pre-legislation 17-20 year old male drivers were paying as much as £1,787 more than female drivers of the same age (Q1 2011). But since then this gap has closed by 40% to £711 (£2,529 vs £1,818).

Price by gender

Battle of the sexes

However, on the other end of the scale, 41-45 year old male drivers were actually paying £97 less than women pre-directive. But now the tables have turned and the gap has widened, with men in this age bracket paying £71 more than their female counterparts (£742 vs £645).

Expert view

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

"With car insurance costs set to surpass the £900 mark in the coming year, it's no wonder drivers are dreading opening their renewal bill.

"Fortunately, insurers are required to show drivers what they paid for their car insurance last year at point of renewal, so it's never been easier to check by how much the price has gone up.

"And with January being a particularly tight month, the team at Confused.com want to make sure motorists are using this information to save themselves money by guaranteeing to beat their renewal price.

"Drivers should make a note of the price they paid last year and take a few minutes to get a comparable quote online at Confused.com, as they could save up to £279*."



Note to editors

*Based on online independent research by Consumer Intelligence during November 2017, 50% of car insurance customers could save £279.

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.

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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).