



Car insurance price index

The most comprehensive analysis of
new business car insurance pricing in the UK

Quarter 3 - 2019

Executive summary

Bad news for drivers as car insurance prices rise

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 2019, shows that UK drivers are now paying £783 on average for an annual car insurance policy. This is up £23, or 3%, over the past 12 months.

The data is released following an interim report by the FCA exposes 'dual pricing' practices which inflate premiums for loyal customers who renew year-after-year.

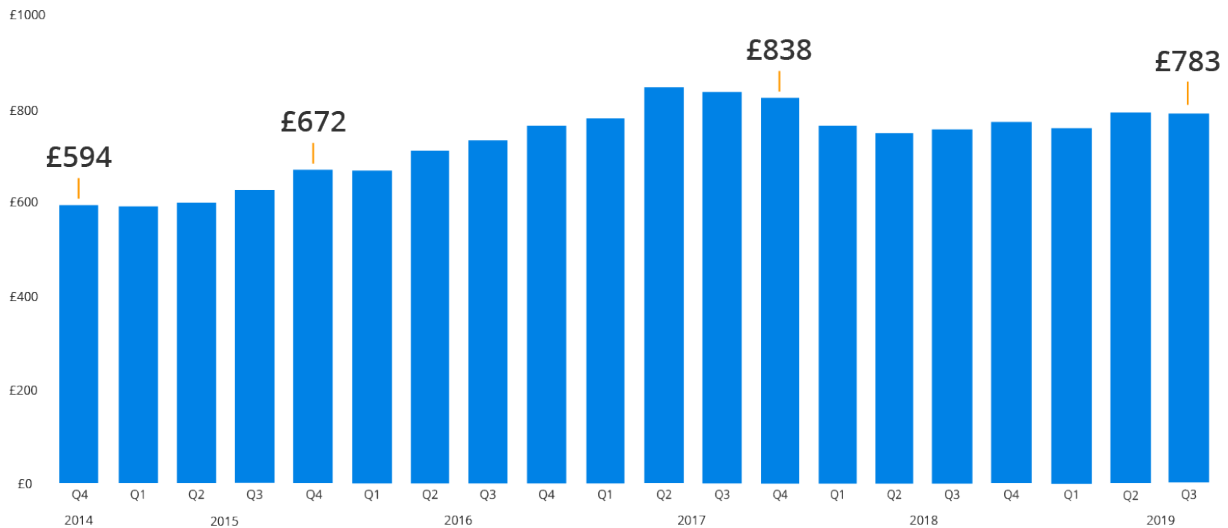
The FCA is expected to release the full report in early 2020 and is exploring measures to shed more light on insurance pricing.

But in the meantime, Confused.com is urging motorists to take measures into their own hands and shop around to seek out a better price. To further incentivise drivers, the company is giving them the chance to save even more by guaranteeing to beat their car insurance renewal, or give them the difference, plus £20(1).

The overall picture

What were the major changes this time?

Confused.com price index reveals car insurance now costs £783 on average



The latest Confused.com price index, powered by Willis Towers Watson, reveals the average price of car insurance in the UK is now £783. This is £23 (+3%) more than it was 12 months ago, on average.

The data is released following an interim report by the FCA exposes 'dual pricing' practices which inflate premiums for loyal customers who renew year-after-year.

According to the FCA's report, insurers are offering cheaper prices to new customers in order to win their business at the expense of bumping up prices for loyal customers. But if insurers are forced to balance out the way they price customers, this could see prices for new customers increase even further. This is why Confused.com is urging drivers to shop around to find the cheapest price.

Evidence of this behaviour was found in further research by Confused.com, which reveals 43% of drivers who received their renewal in the past quarter (July – September),

The overall picture

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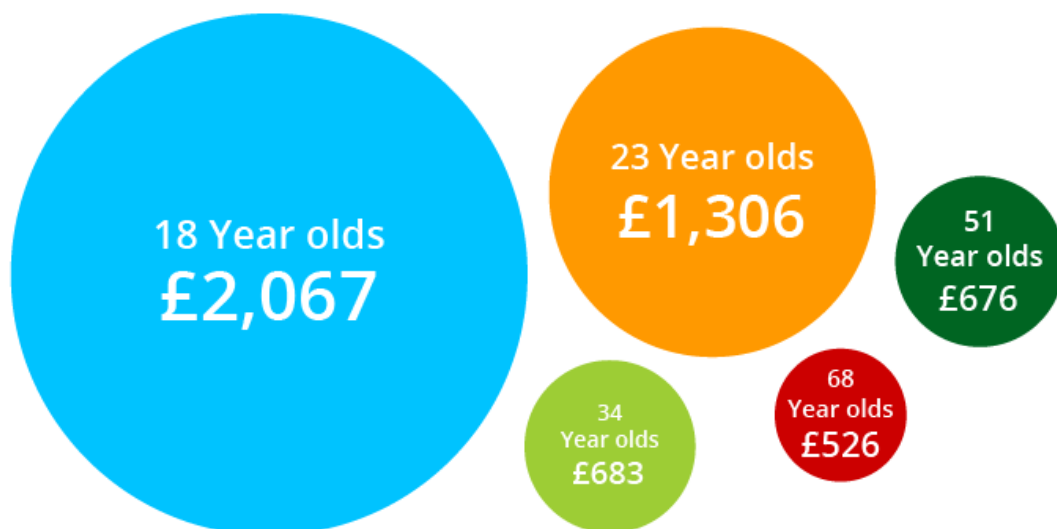
were being charged £53 more, on average. Although, worryingly, 38% went on to renew with the same insurer, despite the price increase. Most (94%) made the decision not to switch on the basis that the price increase wasn't significant.

The research also showed that people stay loyal with the hope that they will be rewarded. However, this is clearly not the case. According to the research, drivers stay with their insurer for three years, on average. In fact, nearly one in 10 (7%) admit they stay with their insurer for more than 10 years. But it also highlighted that switching can save, with those shopping with a price comparison website saving £61, on average.

But the FCA has raised concerns that consumers who choose to automatically renew with their current provider are paying higher prices for their insurance than they would if they shopped around. And insurers are targeting these customers who are less likely to shop around with higher prices. As a result, the FCA highlighted the need to shop around, stating "many consumers who switch or negotiate their premium can get a good deal". And this applies even if the increase is only minimal.

Price by age

Youngest motorists (17-18) hit hardest by increases



Younger drivers have been hit hardest by the increases. In particular, prices for drivers aged 23 are now £45 (4%) more expensive than 12 months ago.

This means drivers of this age will now pay £1,306 for their car insurance, on average. Similarly, the average price for 19-year olds increased £42 (2%) in 12 months to £1,938.

According to the data, this is one of the most expensive ages for car insurance, topped only by 18-year olds who pay £2,067, on average.

Prices by region

What's going on regionally?

Northern Ireland



£942
↑ 8%

Looking to the regions, motorists in Northern Ireland might be groaning when they see their car insurance price. The average price per policy in this region increased an eye-watering £69 (8%) over the year to £942, on average. Meanwhile, price increases in Manchester and Merseyside means drivers in the region can now expect to pay more than £1,000, compared to 12 months ago when prices were £964 in comparison.

What's going on regionally?

Inner London



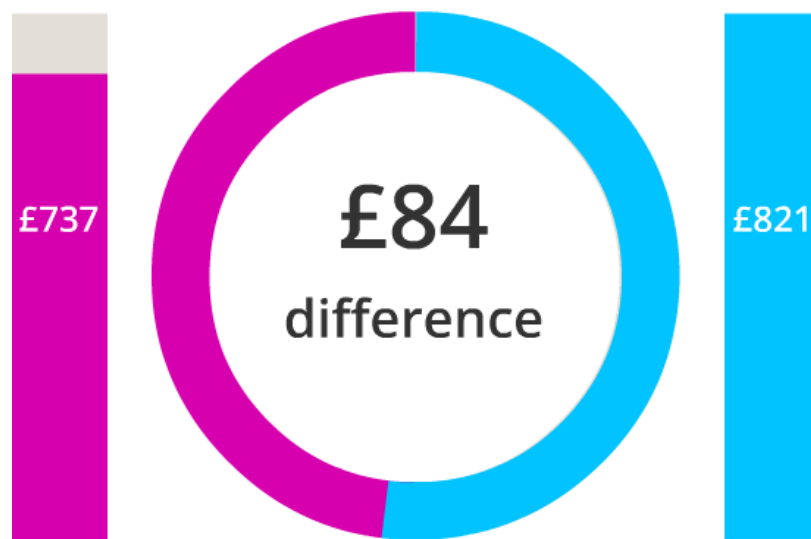
Manchester & Merseyside



However, this isn't the most expensive region in the UK for car insurance. Drivers in Inner London pay an eye-watering £1,213, on average, following a £56 (5%) increase over the past 12 months.

Prices by gender

Battle of the sexes



Female drivers are bearing the brunt of the price increases, having seen a £29 (4%) spike in prices compared to 12 months ago.

The average female driver can now expect to pay £737 for their car insurance. However, this is still significantly cheaper than male drivers, who pay £821 in comparison, following a £19 (2%) increase in prices year-on-year, on average. This brings the gap between the two to £84, on average.

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.

Expert view

Bad news for drivers as car insurance prices rise

“For drivers, buying car insurance is a must. And it’s really disheartening to know that prices are going up over the year. This is the second time this year we have seen the cost of car insurance reach more than the previous year. And given recent investigations into car insurance pricing, the situation could only get worse if new measures mean insurers ramp up the price for new customers.

“The FCA has found that loyal customers are being over-priced at renewal. But this really shouldn’t be the case. Customers should be rewarded for their loyalty.

“Until the FCA puts measures into place to protect consumers, we need to be doing all we can to make sure we’re not paying more than we should for car insurance.

“Always shop around, even if your renewal price is cheaper or the same. It’s likely there will be another insurer who wants your business. I personally received my renewal notice recently, which was in fact cheaper than the previous year. But I was still able to make a saving by shopping around.

“At Confused.com, we’re so certain drivers will be able to find a better price than their current insurer, that we’re guaranteeing to beat their renewal quote, or give them the difference, plus £20. Our price promise has already saved customers thousands of pounds(3).

“Please don’t pay more than you have to - take a few minutes to check your renewal letter and get a cheaper price.”

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.

Unless otherwise stated, statistics obtained from a nationally representative survey of 2,000 UK motorists carried out by One Poll on behalf of Confused.com. The survey ran between 2nd October and 8th October 2019.

(1 & 3) Terms & Conditions apply. Must be a like-for-like policy. - <https://www.confused.com/beat-your-renewal>
(2) <https://www.confused.com/on-the-road/petrol-prices/fuel-price-index>

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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).

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