



Car insurance price index

The most comprehensive analysis of
car insurance pricing in the UK

Quarter 2 - 2016

Executive Summary

Car insurance price hikes step up a gear, rising by £115 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 second quarter of the year (Q2 2016), which covers the period from April to June, motorists on average paid 6% more for a comprehensive car insurance policy than they did in the three months before (Q1 2016).

Meanwhile, looking back over the past year, car insurance prices have risen by a staggering 19%, meaning motorists can expect to pay £115 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 £715. Combined with escalating petrol prices and last year's hike in insurance premium tax, this will no doubt put a strain on many drivers' wallets.

The recent increases appear particularly striking due to the fact that only a few years ago falling prices were the norm. Following a price index peak of £858 in 2011, the cost of car insurance dropped to under £600 in 2014.

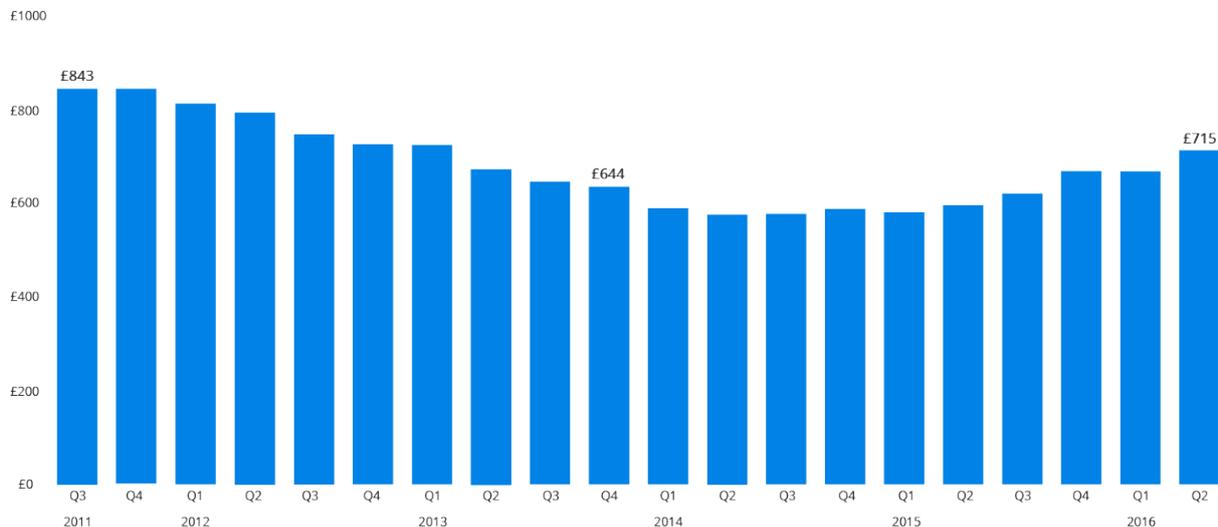
However, these relatively good times appear to be over, for now at least, and prices have been on the up since the beginning of 2015. Unfortunately for cash-strapped motorists, the latest results indicate that this trend looks unlikely to reverse any time soon.



The overall picture

What were the major changes this time?

Car insurance prices on the up again!



Motorists are currently facing the biggest annual price hikes in car insurance premiums in five years. Not since the second quarter of 2011, when prices were up 25% from the same period the previous year, have drivers faced such significant increases in the cost of their cover.

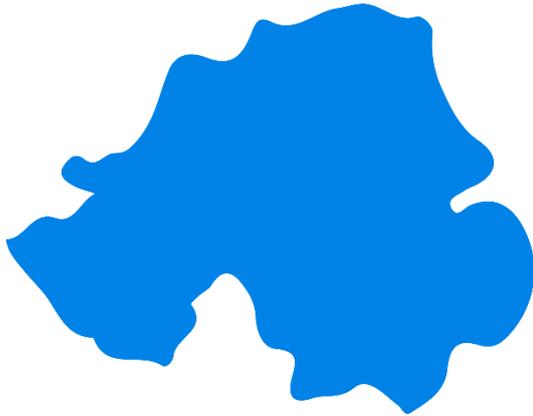
Over the last year, prices have risen by 19% on average, meaning people are now paying £115 more for their car insurance than they were 12 months previously. These price hikes take the average cost of a comprehensive car insurance premium to £715, which compares to just £600 this time last year.

In terms of a quarterly increase, drivers have faced another blow: prices in Q2 2016 are up by a significant 6% compared to the beginning of the year. In real terms this equates to an additional £44 on premiums over the last three months alone.

Insurance price increases of this size, coupled with rising petrol prices and a hike in insurance premium tax, could well signal the end of the road for cheaper driving for motorists.

Price by region

What's going on regionally?



Northern Ireland

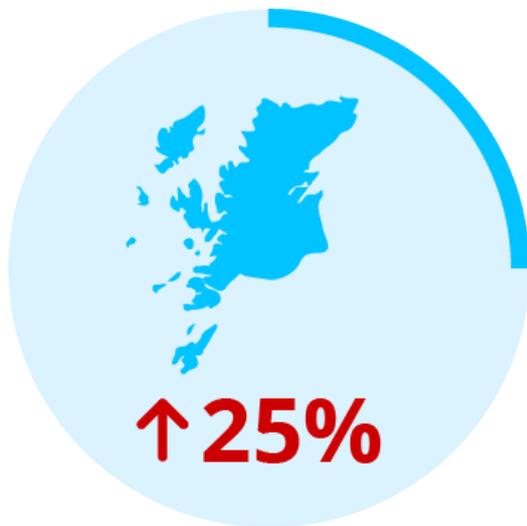


The steep increase in premiums is being felt across the UK, with no region escaping the annual hikes. In particular, motorists in Northern Ireland will be feeling the pinch, having seen the cost of their typical insurance policy go up by 25% annually - the highest increase of any region in the UK. For these motorists, their average premium now stands at £863, making it £148 more expensive than the national average.

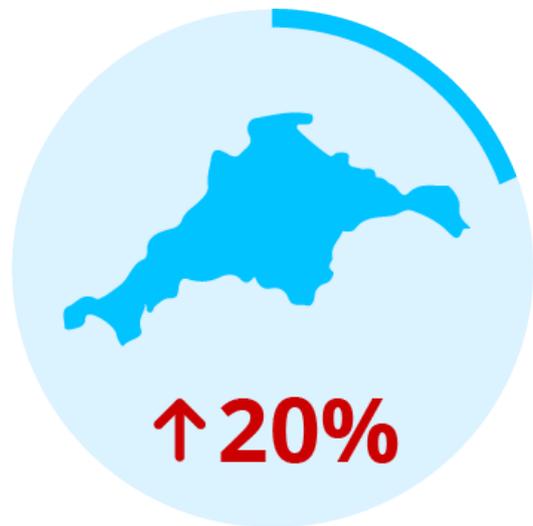
The outlook isn't much better for drivers in Scotland, with those in the Scottish Highlands and Islands region experiencing annual price rises of 24%. There's even more bad news for motorists in the Scottish Hebrides, who have seen eye-watering annual price increases of 42% over the last year - the largest price increase recorded in this area since the index began.

Drivers in London may also have cause to despair, with those in Inner London paying the highest premiums of any region in the UK at £1,164. This is a staggering £449 more than the national average. In particular, motorists in West Central London, which covers areas such as the City of Westminster, the London Borough of Hammersmith and Fulham and the Royal Borough of Kensington and Chelsea, have been hit hard. They have experienced one of the greatest annual increases in premiums of any UK area at 36%, or £315.

Scottish Highlands & Islands



The South West



The South West of the UK is also bearing the brunt of escalating insurance prices, with an average annual increase of 20% being felt across this part of the country. Some drivers within this region have been hit harder than most. For example, road-users in Dorchester have seen their policies increase annually by a staggering 31%, and quarterly by 16%. Meanwhile, just across the county border in Somerset, motorists in Taunton have experienced similar sky-high price rises of 27% over the past year, and 13% over the quarter.

Despite much of the country suffering price hikes, some regions have escaped relatively unscathed. Drivers in north and central Wales, for example, have experienced quarterly price rises of just 2%, the lowest of any UK region. This has pushed the price of a typical car insurance policy up by just £12 for motorists in the area over the three-month period, to stand at £572.

The only drivers with any cause to celebrate can be found in the West Midlands' city of Hereford and the Orkney Islands' capital, Kirkwall. These were the only UK postal

Price by Age

Car insurance prices on the up again

regions to experience quarterly decreases. In these areas, premiums fell by 2% and 4% respectively compared with the first three months of the year.

Unfortunately, drivers of all ages were subject to rising prices in the second quarter of the year. However, younger drivers haven't done quite as badly as their elder counterparts, although the cost of their cover remains significantly higher.



The youngest drivers, those aged 17, have experienced smaller yearly price increases than any other age group - 8%. Despite this, these young drivers remain among the most expensive motorists to insure and will typically pay £2,013 for their car insurance.

In contrast, drivers aged 61 have seen the steepest annual price rises of any age group and now pay 24% more than they did 12 months ago, meaning the cost of their car insurance currently stands at £418. Despite this significant increase, a 17-year-old will still pay £1,595 more.

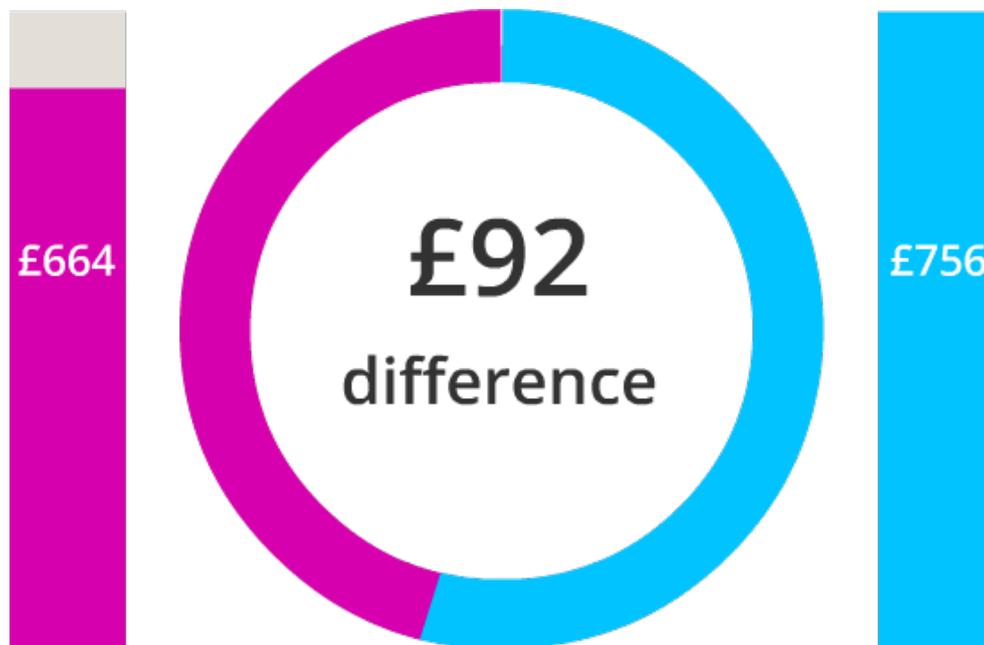
Females aged 17 to 20 have also escaped the maximum price hikes, however they've still had to contend with an annual price increase of 15%, which equates to a rise of £223 over

the year. This resulted in a current premium of £1,671 – a £94 increase over just three months, equivalent to a 6% rise.

Male drivers aged 71+ have also suffered: they've experienced a 24% annual rise which takes their average premium to £466 - £89 more than this time last year. Meanwhile, men aged between 61 and 65 experienced the biggest quarterly increase at 9%, as did male drivers aged 41 to 45 who also experienced a 9% hike.

Price by gender

Battle of the sexes



Both men and women have seen their premiums rise substantially over the last 12 months, although men have seen prices creep up slightly higher than their female counterparts.

Male drivers will now pay 21% - or £129 - more than they did 12 months ago. Meanwhile, females have faced an 18% increase, which amounts to a £98 year-on-year rise. Over the shorter term, the second quarter of 2016 has seen a jump of 7% for men, and 6% for women compared to the start of the year.

As a result of these increases, the average man's car insurance premium now stands at £756, while for women it comes to £664.

Looking back over the past few years it's clear that the gap in price between men and women's premiums is widening. The difference between the sexes in Q2 2016 stands at £92, whereas this time three years ago (Q2 2013) the gender price divide stood at just £27.

Expert View

Amanda Stretton, Motoring Editor at Confused.com says:

“We’ve not seen price rises of this magnitude for five years – a 19% annual increase is substantial to say the least. And these price rises are being felt across the board, for drivers of all ages and genders, across all UK regions.

“If prices continue to rise at the rate we’ve been seeing, we could be facing the possibility of average comprehensive premiums reaching a high not seen since 2011, when prices peaked at £858. This, combined with rising fuel prices and increased motoring costs across the board, could result in a sizeable dent in drivers’ pockets.

“However, we’re urging drivers not to worry. As ever, our advice to all motorists is to shop around at renewal using a site such as Confused.com, to make sure that they are getting the very best prices for their insurance and all their motoring needs.”



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).