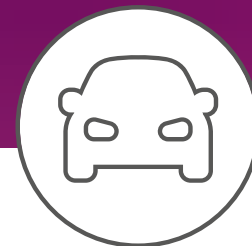


CAR

insurance price index

JUNE 2023







The car insurance price index

The Consumer Intelligence Car Insurance Price Index is the independent authoritative source of price movements in the car insurance market, compiled using real customer quotes from price comparison websites (PCWs) and key direct providers.

The data is used by the Office for National Statistics, regulators and insurance providers as the definitive benchmark of how price is changing for consumers.

Summary

	<p>The average quoted premium has increased 34% in the past 12 months - the biggest annual increase since Consumer Intelligence started tracking in October 2013</p>
	<p>The average quoted price of a car policy now stands at £1,082</p>
	<p>Telematics providers have become less competitive in the new business market and now make up 30% of the top five cheapest quotes compared with 33% in the last quarter</p>
	<p>Londoners face the highest quoted premiums at £1,881 and drivers in Yorkshire & The Humber the lowest at £765</p>

Meet our pricing expert



Max Thompson
Insurance Insight Manager

Max has over 10 years' insurance industry experience, having held roles across life and general insurance. Committed to professional development, he completed the CII's Advanced Diploma in Insurance in 2017.

As Insurance Insight Manager, Max's expert analysis and storytelling provides high quality insight to help insurers see the world through the eyes of their customers.

Methodology and definitions

For each risk, common to consecutive months, the variation is calculated from the average of the Top 5 cheapest premiums returned across the PCWs and key directs in the previous month to the average of the Top 5 in the current month (regardless of which brands provided these quotes).

The Overall Market Top 5 monthly variation is calculated by averaging across all these risk level Top 5 variations for common risks run in both months.

The monthly figures are concatenated up to produce the trended price index from a starting point of 100% in the base month.

The numbers

Quoted car insurance premiums continue to surge with the most competitive new business quotes climbing 34% in the past 12 months – the largest annual rise since Consumer Intelligence first started tracking premiums in October 2013.

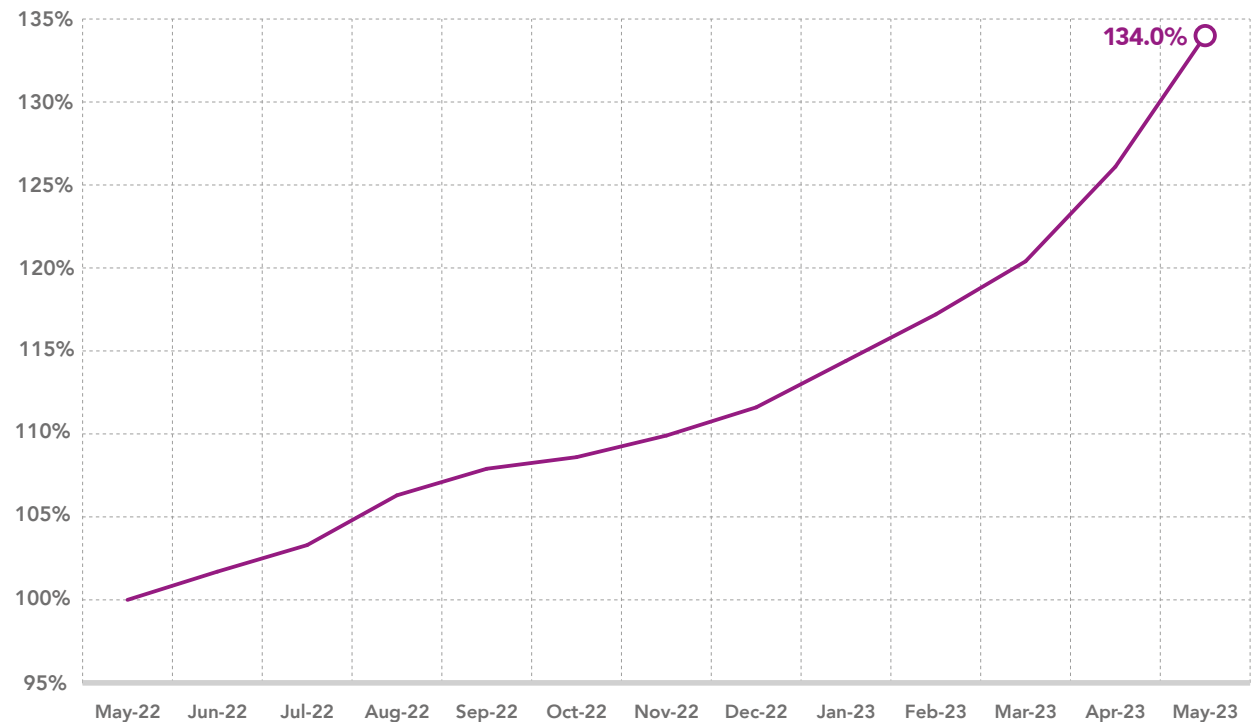
The last three months alone have seen the five cheapest premiums soar by 14.3% which is also the largest quarterly increase on record for Consumer Intelligence’s Car Insurance Price Index.

Rising claims costs, economic pressures including rising inflation and the aftereffects of the Financial Conduct Authority’s General Insurance Pricing Practices rules banning dual pricing are driving the unprecedented premium inflation. Even telematics providers – who often provide the most competitive quotes – have contributed to recent price rises.

“These figures highlight the universality of the pressures that insurers are currently facing. While some of the riskiest segments are seeing the greatest increases, the burden of rising premiums is being felt across all segments,” says Max Thompson, Insurance Insight Manager at Consumer Intelligence.

“We saw GIPP as one of the biggest shake-ups to the insurance market. However, over a year on the addition of external economic pressures leading to rising claims costs is creating unprecedented levels of premium inflation,” adds Thompson.

One year




£1,082

The average quoted car insurance premium is now £1,082

Long-term view

Average overall quoted premiums have risen 61.3% since October 2013 when Consumer Intelligence first started collecting data.

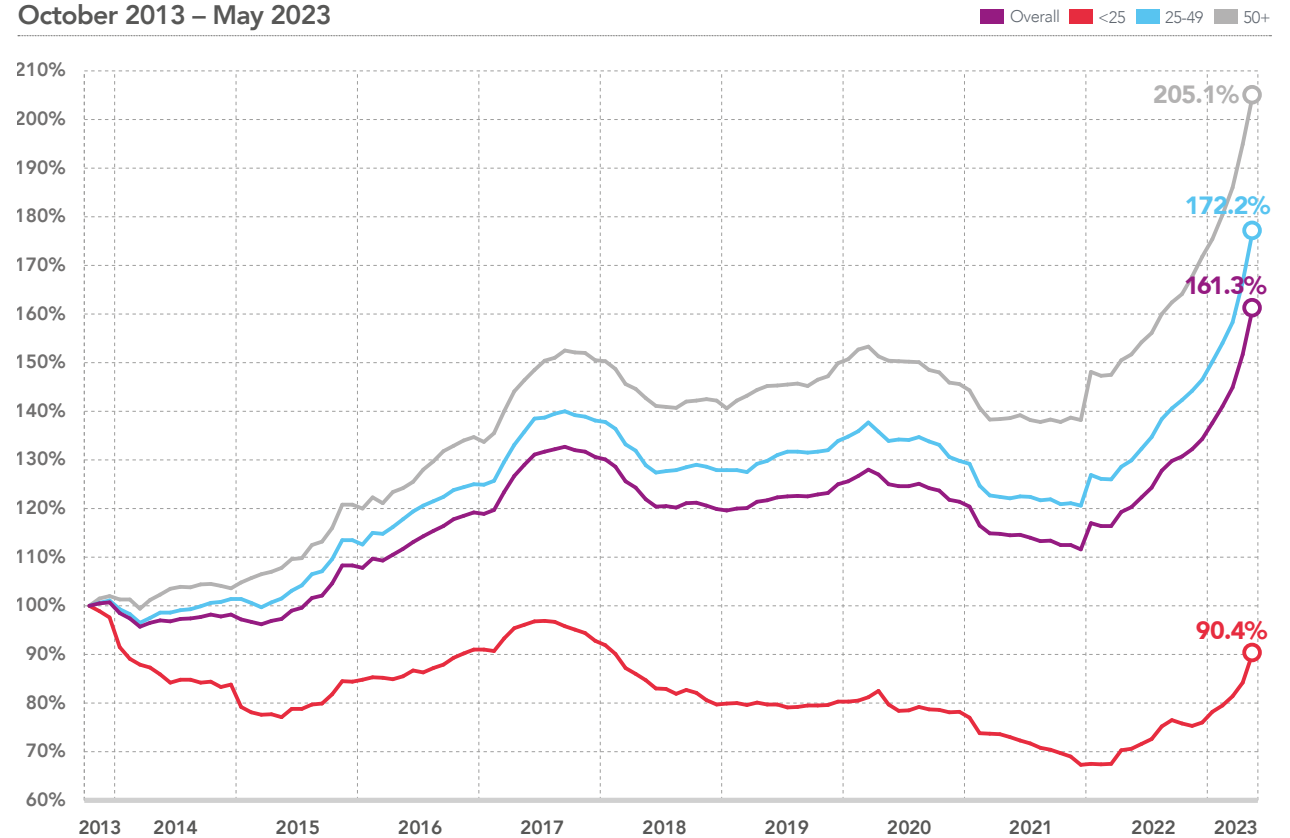
The 61.3% increase takes quoted premiums to their highest levels since our records began - and 27% of the rise has happened since the start of this year.



+61.3%

Average quoted premiums have increased 61.3% since October 2013

October 2013 – May 2023



Age differences

The under-25s have seen the smallest increases in quoted premiums in the past 12 months but are still facing rises of 28%.

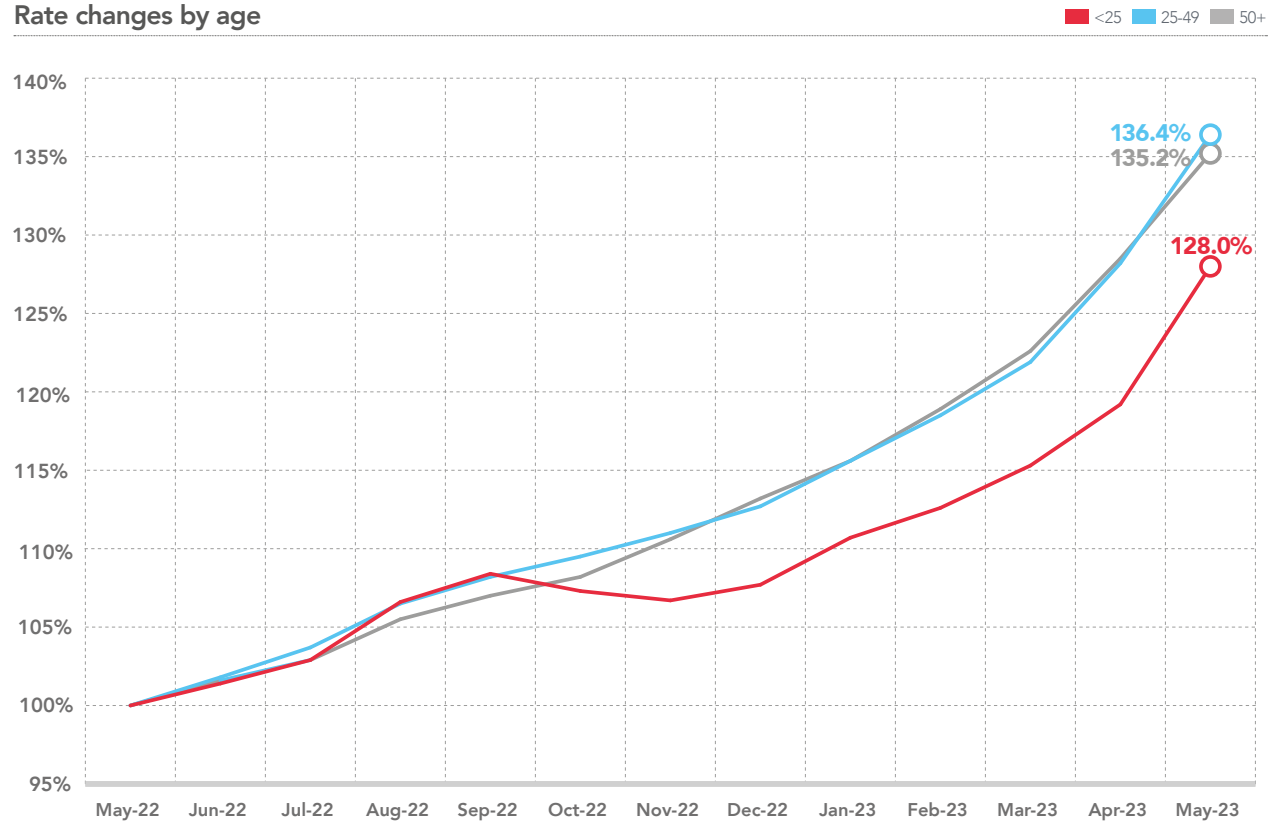
Motorists aged 25 to 49 have seen average increases in the cheapest quotes of 36.4% with the over-50s not far behind at 35.2%.

Average quoted premiums for under-25s however remain much higher than for other age groups at £2,145 compared with £850 for the 25 to 49 age group and £568 for the over-50s.



£2,145	Average premium quoted for drivers under 25
£850	Average premium quoted for drivers 25-49
£568	Average premium quoted for drivers aged 50+

Rate changes by age



Telematics

Telematics continues to play a major role accounting for 30% of the five cheapest quotes from brands but that is down on 33% in the last index.

The past three months has seen telematics influence drop with much of the decline happening in May when telematics accounted for 35% of the most competitive quotes.

“Premium increases have been seen from some prominent telematics providers during the last month, including the most competitive brand in the market Hastings Direct YouDrive. The exit of RSA from the UK personal motor market, where its More Than telematics brands were delivering some of the competitive quotes, has also left gaps to be filled with other providers,” says Thompson.

Telematics still accounts for 67% of the most competitive quotes for under-25s with over-50 accounting for 9% and 25 to 49-year-olds 24%.

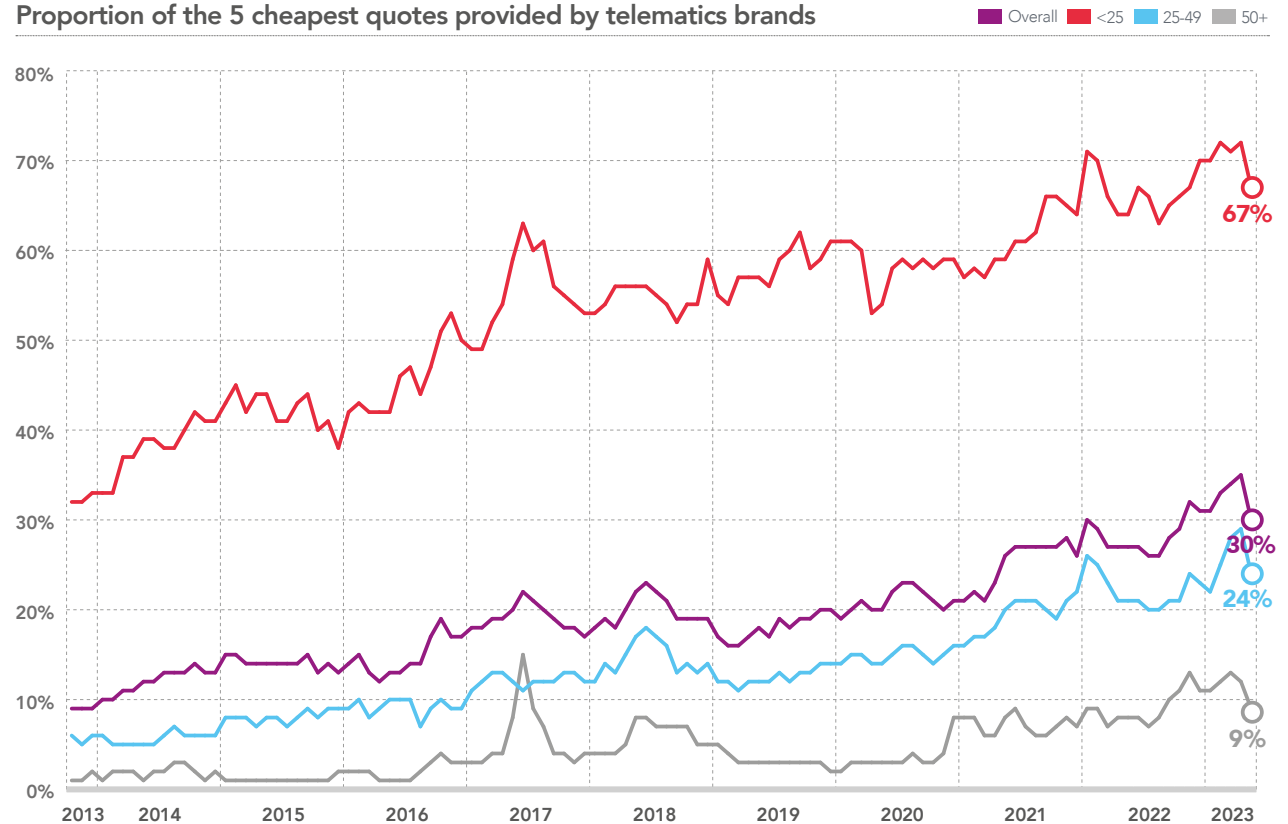
“The number of Essentials brands has increased in the last year. These tend to take competitive share from telematics providers at older age groups, due to differing quotability footprints and pricing,” adds Thompson.



30%

of the top five cheapest quotes are now from telematics providers

Proportion of the 5 cheapest quotes provided by telematics brands



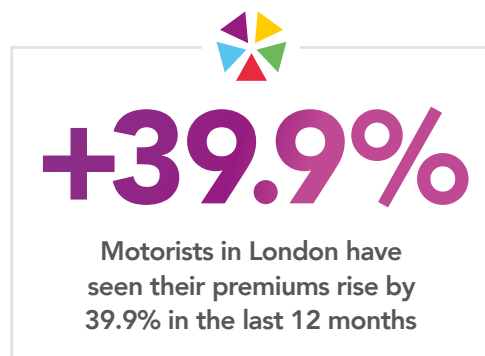
Regional differences

Average quoted premiums have risen the most for drivers in London and the East Midlands with increases of 39.9% and 37.8% respectively.

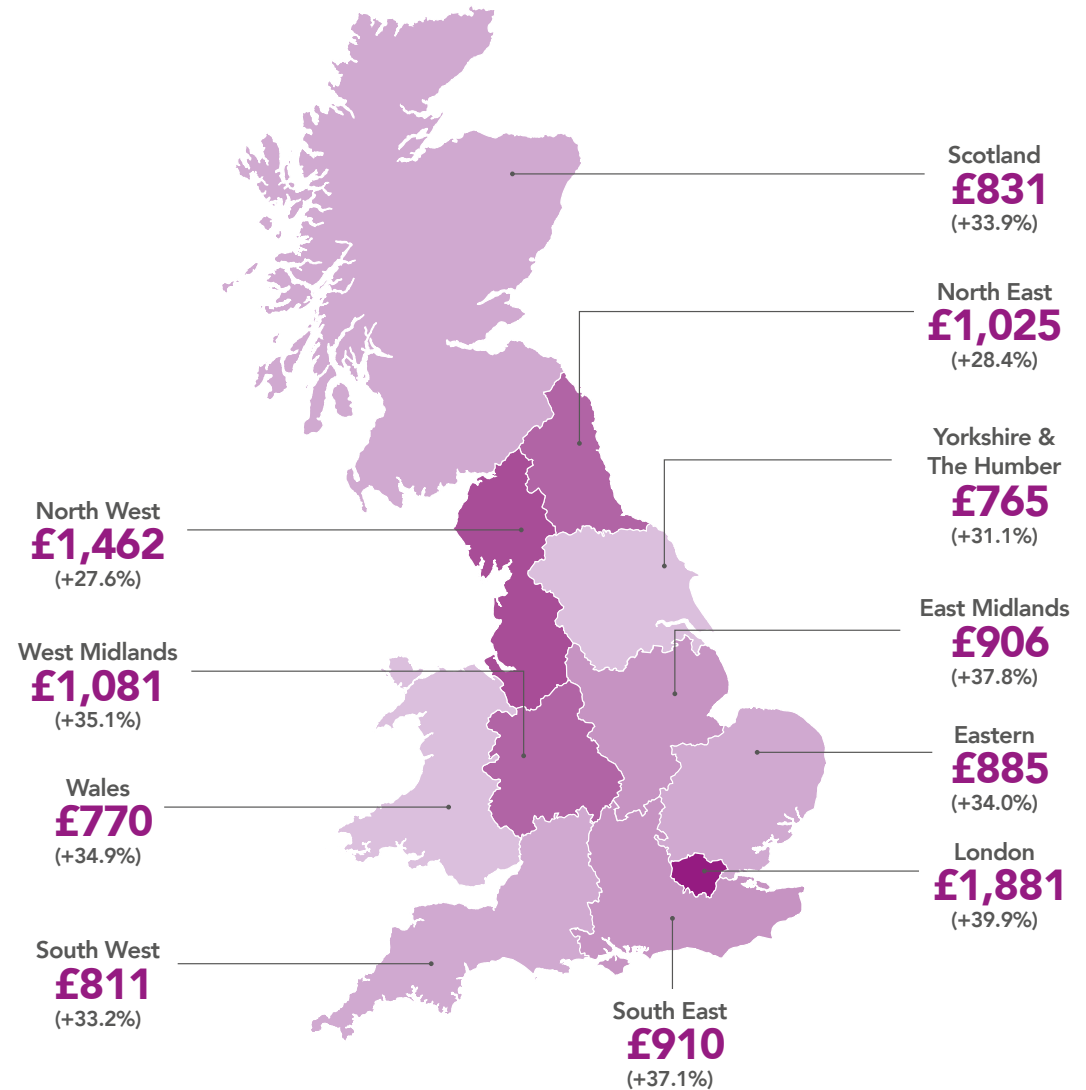
No region is avoiding high increases in quoted premiums however, with the North West recording the lowest and still facing a rise of more than a quarter at 27.6%

But there are huge differences in the average quoted annual cost with London at £1,881 around 59% more expensive than Yorkshire & The Humber where drivers face the lowest average quoted annual cost of £765.

In three other regions – the North West, West Midlands and North East – motorists face average quoted premiums of more than £1,000 a year.



Premiums across the UK (plus percentage change over the last 12 months)



How do you compare?

Our quarterly price index shows only part of the picture, here at Consumer Intelligence we collect the granular detail that sits behind the average figures contained in this report.

To find out more about how your company ranks or if you would like help benchmarking your products and pricing across your target customer segments to inform your acquisition strategy then contact us at insights@consumerintelligence.com

