



AA British Insurance Premium Index – 2018 quarter 3

24 October 2018

The AA British Insurance Premium Index (Index) has been tracking the quarterly movement of car and home insurance since 1994. It measures the five cheapest quotes for each 'customer' to provide an average or Shoparound index.

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Car insurance premiums – 2018 quarter 3

Downward trend continues – premiums drop by another 3.9%

Since the highest-ever Shoparound comprehensive premium recorded by the AA Index, £733.47 at the end of the second quarter of 2017, prices are continuing on a downward trend.

Over the 3 months ending 30 September, the Shoparound premium for an annual comprehensive car insurance policy now stands at £628.24, a fall 3.9% over the quarter and down 9.9% over 12 months.¹

This is due in part to the expectation of potential savings in claims from the whiplash reforms in the [Civil Liability Bill](#), plus the Office for National Statistics inflation data.²

Janet Connor, director of [AA Insurance](#), says: "A significant fall in the cost of car insurance is welcome news for drivers, and the average premium quote is now more than £69 cheaper than a year ago.

"But there are several uncertainties on the horizon. The Civil Liability Bill has been delayed and there is concern that some of the measures included in the Bill may be watered down. Similarly, the government's commitment to revise the so-called Ogden or discount rate on injury payments has also been delayed. It is now expected during the first quarter of 2019.

"In addition, Brexit concerns and the value of sterling have seen the cost of imported car parts, vital for the car repair industry, rise."

Continued

¹ The AA Shoparound index is an average of the 5 cheapest premiums, quoted from the broker, the direct market and price comparison sites, for each risk in a nationwide basket of risks representative of the insurance buying public. This method gives accurate quarterly price tracking.

² Office for National Statistics, [Consumer price inflation tables](#), September 2018.



However, Connor points out that the biggest uncertainty is with Insurance Premium Tax (IPT), which has doubled to 12% in the last 2 years.

She says: "The government has already committed to continue the fuel duty freeze, which could put pressure on Chancellor Philip Hammond to increase IPT in his 29 October Budget.

"I strongly urge him to resist this raid on responsible citizens, which penalises drivers who have no choice but to pay for insurance if they are to drive legally; and homeowners seeking to protect their property.

"It's young drivers who take the brunt of this underhand tax because they pay the highest premiums. It's no coincidence that the number of people caught driving without insurance went up after each increase in IPT.

"While the Justice Secretary, David Gauke, is seeking to reduce insurance premiums by stemming the excesses of claims management cold-callers, I'm concerned that the Chancellor is bent on taking it away by increasing the tax on premiums."

PS. The Chancellor didn't increase IPT in the Budget on 29 October.

Shoparound premium summary

	2018 Q2	2018 Q3	Change	2017 Q3	Change
Comprehensive	£653.92	£628.24	-3.9%	£697.63	-9.9%
Third Party, Fire & Theft	£1,018.52	£955.21	-6.2%	£1,078.38	-11.4%

Third party, fire and theft cover appears to have a higher premium than comprehensive. This is because the basket of risks reflects the type of driver that buys such cover, typically young drivers.

Continued



Car insurance premiums – summary tables and charts 2018 Q3

Download the Index (Excel file) for motor insurance

[2,800 risks for car insurance](#)

AA British Insurance Premium Index – Car insurance trends since 1994 (chart)

All channels combined

Car insurance Shoparound premium movements (chart)

Car insurance Shoparound premium movements (table)

Car insurance Shoparound premium movements – region and age (tables)

Comprehensive car insurance Shoparound premium trend (chart)

TPFT car insurance Shoparound premium trend (chart)



Home insurance premiums – 2018 quarter 3

Premiums stall following recent rises

The cost of insuring a home remains remarkable value for money, as Shoparound premiums for buildings and contents cover fell over the past quarter, as did the cost of a combined policy.³

- The average buildings premium fell by 1.4% (or £1.71) to £118.67, but has risen by 2.9% over 12 months.
- The average contents premium fell by 1.0% (or just 58p) to £59.22, down by 2.6% over 12 months
- The average combined policy quote fell by 1.2% (or £1.97) to £161.87, but has risen by 1.3% over 12 months.

Janet Connor, director of [AA Insurance](#), says: "Home insurance has become increasingly competitive as more people shop around for the best quote.

"Buildings premiums have been climbing since 2016, largely in response to the growing risk of storm and flood damage, although 2018 has seen relatively few such claims since last winter. However, the low rainfall over a long hot summer is leading to concern among some commentators that there could be a rise in subsidence claims over coming months.

"Contents premiums, on the other hand, have remained relatively steady, and are only about £1 more than the Shoparound quote when the AA Index was launched back in 1994.

"Improved home security has led to fewer burglary claims. According to the Office for National Statistics, households are now four times less likely to be a victim of burglary than in 1995, having fallen fastest since 2011 when the Shoparound contents premium peaked at £72.⁴

"However, escape of water, such as burst pipes, remains the top reason to make a home contents claim."

Continued

³ The AA Shoparound index is an average of the 5 cheapest premiums, quoted from the broker, the direct market and price comparison sites, for each risk in a nationwide basket of risks representative of the insurance buying public. This method gives accurate quarterly price tracking.

⁴ Office for National Statistics, [Overview of burglary and other household theft: England and Wales](#), July 2017.



Shoparound premium summary

	2018 Q2	2018 Q3	Change	2017 Q3	Change
Buildings	£120.38	£118.67	-1.4%	£115.31	+2.9%
Contents	£59.80	£59.22	-1.0%	£60.78	-2.6%
Combined	£163.84	£161.87	-1.2%	£159.83	+1.3%

Based on GFK channel preference and arrangement data.

Home insurance premiums – summary tables and charts 2018 Q3

Download the Index (Excel file) for home insurance:

[750 risks for home insurance](#)

AA British Insurance Premium Index - Home insurance trends since 1994 (chart)

All channels combined

Home insurance Shoparound premium movements (chart)

Home insurance Shoparound premium movements (table)

Home insurance Shoparound premium movements – region (tables)

Home insurance Shoparound premium movements – age (tables)

Home insurance Shoparound premium movements – property type (tables)

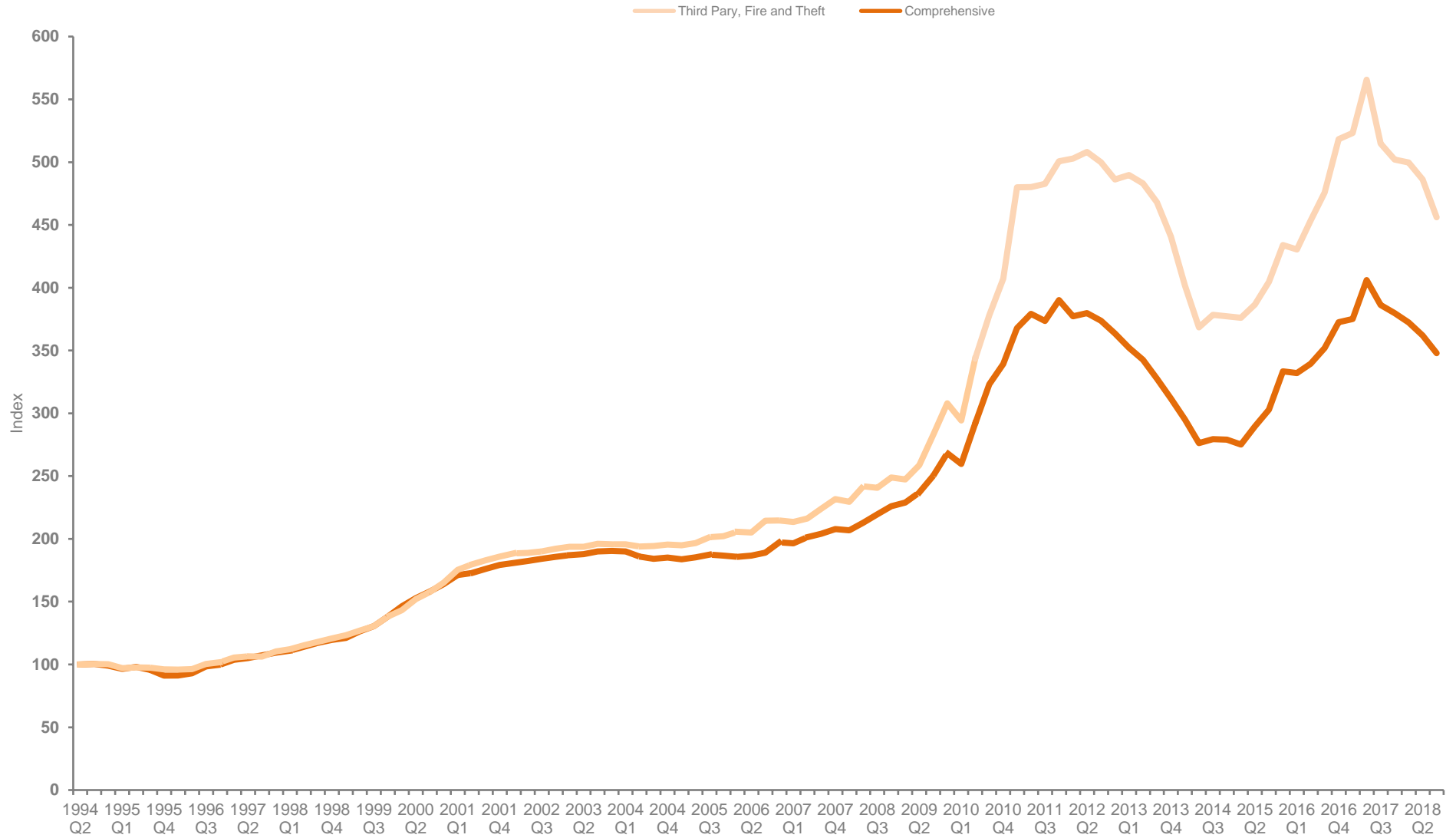
Home insurance Shoparound premium movements – year built (tables)

Buildings insurance Shoparound premium trend (chart)

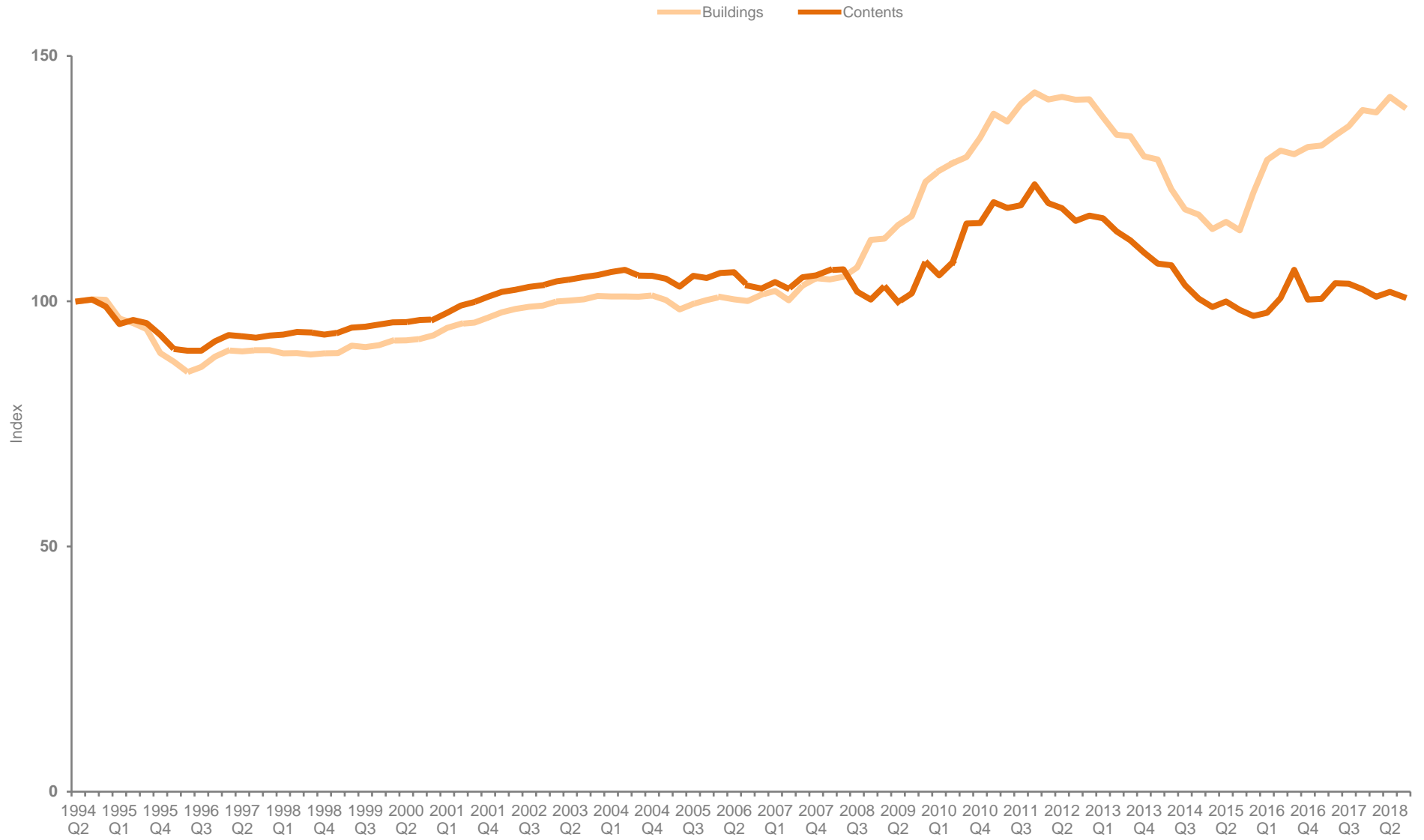
Contents insurance Shoparound premium trend (chart)

Buildings and contents insurance Shoparound premium trend (chart)

AA British Insurance Premium Index - Car Insurance Shoparound Trends

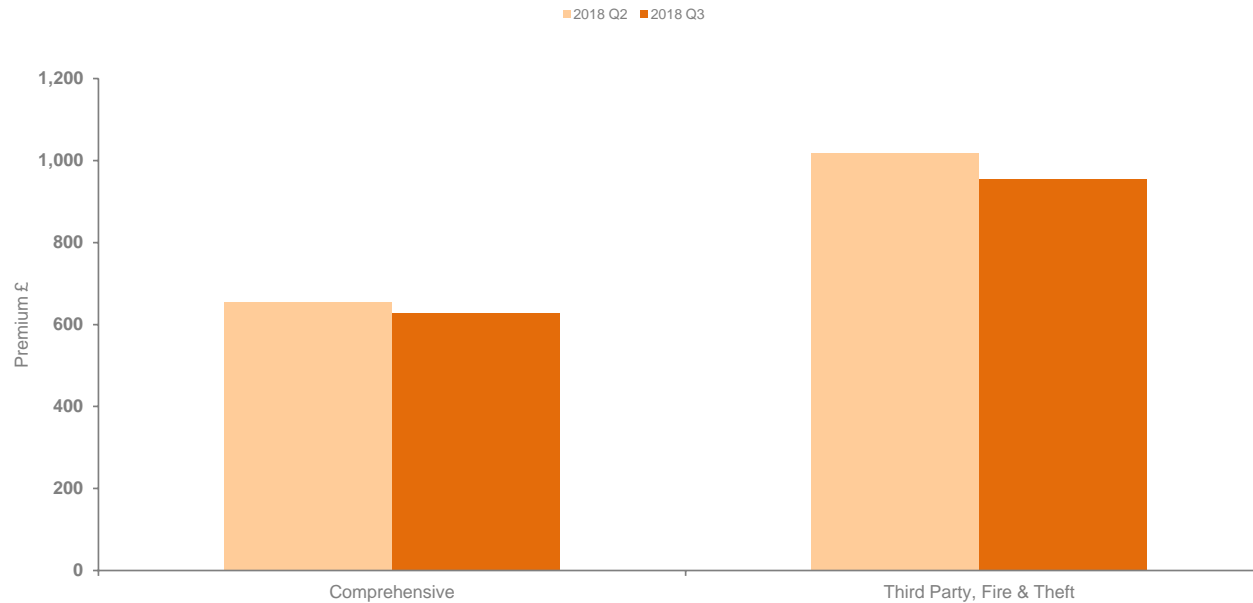


AA British Insurance Premium Index - Home Insurance Shoparound Trends



AA British Insurance Premium Index - Motor Shoparound Premium All Channels

	2018 Q2	2018 Q3
Comprehensive	£653.92	£628.24
Third Party, Fire & Theft	£1,018.52	£955.21



A base rate of 100 was set at July 1994. The British Insurance Premium Index gives a quarterly update on the movements of home insurance on 750 risks each for buildings and contents, and on 2,800 car insurance risks - 2,500 comprehensive and 300 TPFT. July 1994 and subsequent premiums are assumed average premiums rebased in line with BIPI production methods over time.

The Index shows average car insurance premiums based on open market rates from 84 of the UK's leading insurers and home premiums across 53 insurers. Composites, direct writers and online providers are included.

The quarterly movement compares the shoparound premium this quarter with the previous quarter.

The shoparound premium is the average of the five lowest premiums quoted by the insurers in the market survey. This more closely reflects the price paid, but does not take account of discretionary discounts offered.

All premiums shown include Insurance Premium Tax at the prevailing rate.
Premiums shown for July 1994 alone are free of IPT

While it is not possible to include risks from every town in the UK, those selected are typical risks, reflecting a cross section of the insurance market. Movements by specific towns are checked separately using a basket of 250,000 risks.

AA BIPI - Motor Insurance Shoparound Movements

All channels

	2018 Q2	2018 Q3	Change	2017 Q3	Change
Comprehensive	£653.92	£628.24	- 3.9%	£697.63	- 9.9%
Third Party, Fire & Theft	£1,018.52	£955.21	- 6.2%	£1,078.38	- 11.4%

AA BIPI - Motor Insurance Shoparound Movements

Summary by region - all channels

Region	Shoparound		Change
	2018 Q2	2018 Q3	
Anglia	£657.28	£636.51	- 3.2%
Border & TyneTees	£622.90	£584.67	- 6.1%
Central	£666.09	£646.69	- 2.9%
Granada	£885.57	£843.47	- 4.8%
London	£793.44	£775.28	- 2.3%
Scotland	£481.94	£465.60	- 3.4%
South	£571.50	£551.70	- 3.5%
UTV	£943.22	£852.84	- 9.6%
Wales	£613.47	£576.94	- 6.0%
West & West Country	£536.25	£505.69	- 5.7%
Yorkshire	£718.09	£682.42	- 5.0%

Summary by age - all channels

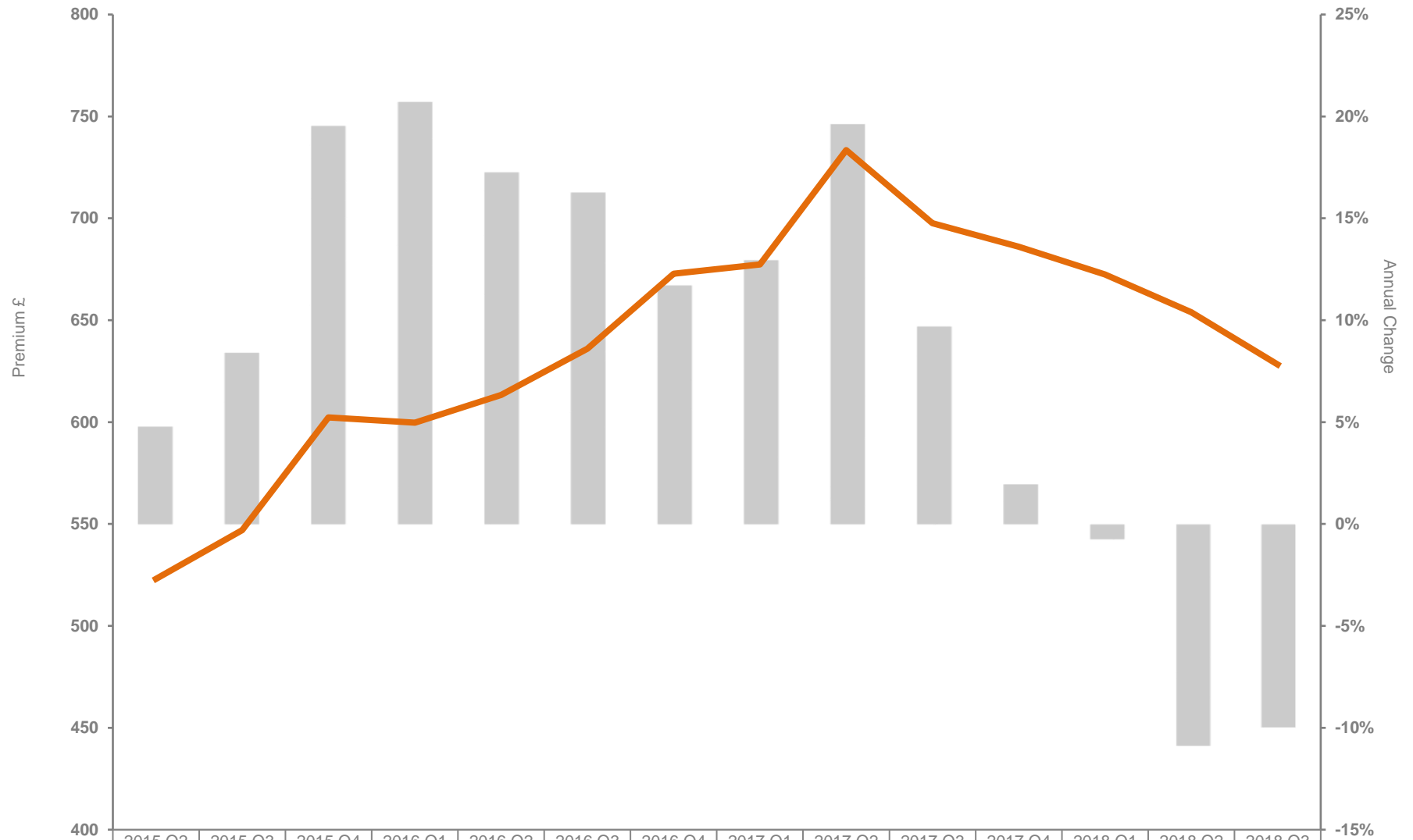
Age	Shoparound		Change
	2018 Q2	2018 Q3	
17-22	£1,599.29	£1,521.49	- 4.9%
23-29	£864.26	£811.49	- 6.1%
30-39	£549.65	£534.01	- 2.8%
40-49	£506.92	£488.47	- 3.6%
50-59	£446.46	£433.38	- 2.9%
60-69	£404.93	£395.01	- 2.4%
70+	£565.93	£546.44	- 3.4%

Summary by age and gender - all channels

Female		Shoparound		Change
Age	2018 Q2	2018 Q3		
17-22	£1,455.83	£1,375.20		- 5.5%
23-29	£803.91	£753.17		- 6.3%
30-39	£531.93	£523.62		- 1.6%
40-49	£489.07	£467.64		- 4.4%
50-59	£454.65	£433.32		- 4.7%
60-69	£405.23	£396.36		- 2.2%
70+	£524.83	£501.24		- 4.5%

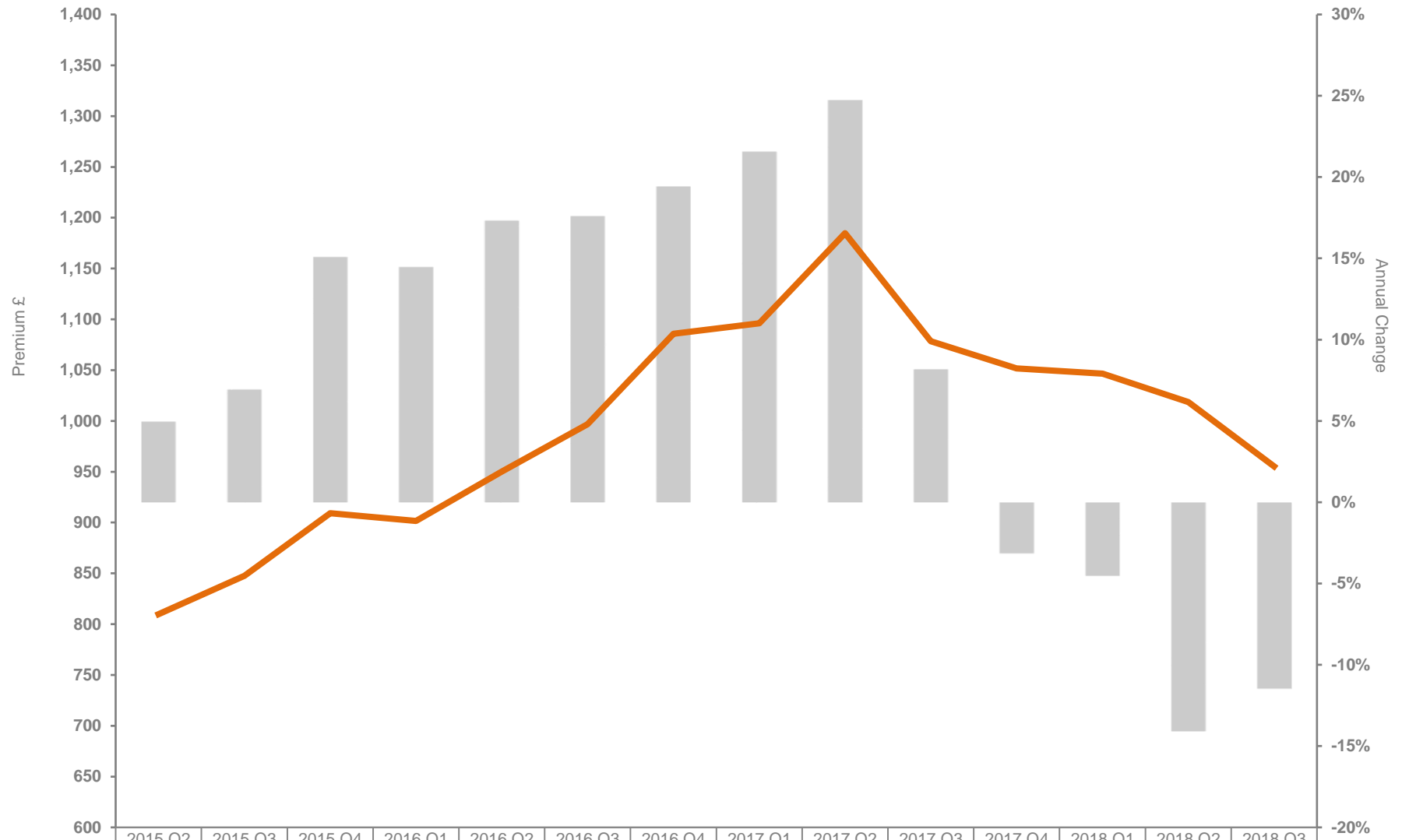
Male		Shoparound		Change
Age	2018 Q2	2018 Q3		
17-22	£1,757.62	£1,681.45		- 4.3%
23-29	£933.23	£877.12		- 6.0%
30-39	£565.92	£543.75		- 3.9%
40-49	£522.42	£506.72		- 3.0%
50-59	£436.70	£433.47		- 0.7%
60-69	£405.15	£394.35		- 2.7%
70+	£610.80	£595.81		- 2.5%

AA BIPI - Motor Comprehensive Shoparound Premium



Annual Change	4.8%	8.4%	19.5%	20.7%	17.2%	16.3%	11.7%	12.9%	19.6%	9.7%	2.0%	-0.7%	-10.8%	-9.9%
Comp Premium	£523.06	£547.02	£602.32	£599.72	£613.28	£635.97	£672.84	£677.33	£733.47	£697.63	£686.06	£672.40	£653.92	£628.24

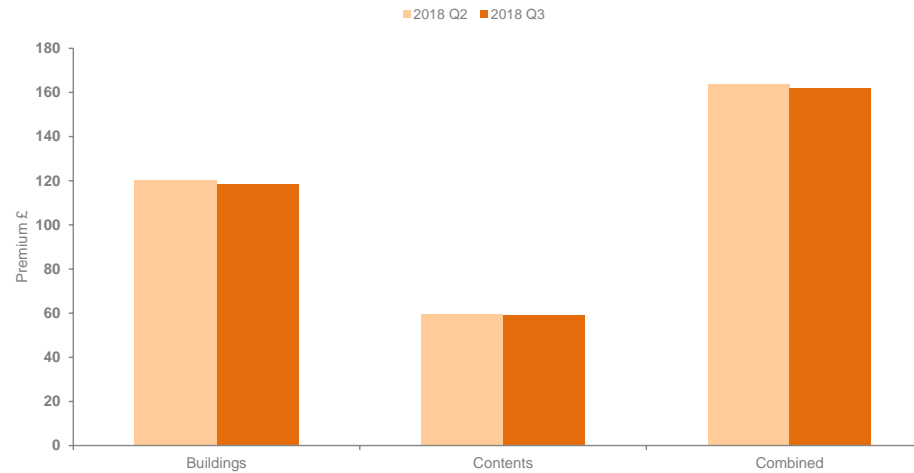
AA BIPI - Motor Third Party, Fire & Theft Shoparound Premium



Annual Change	5.0%	6.9%	15.1%	14.5%	17.3%	17.6%	19.4%	21.6%	24.7%	8.2%	-3.1%	-4.5%	-14.0%	-11.4%
TPFT Premium	£809.81	£847.62	£909.18	£901.68	£950.04	£996.76	£1,085.70	£1,096.00	£1,184.76	£1,078.38	£1,051.75	£1,046.60	£1,018.52	£955.21

AA British Insurance Premium Index - Home Shoparound Premium All Channels

	2018 Q2	2018 Q3
Buildings	£120.38	£118.67
Contents	£59.80	£59.22
Combined	£163.84	£161.87



A base rate of 100 was set at July 1994. The British Insurance Premium Index gives a quarterly update on the movements of home insurance on 750 risks each for buildings and contents, and on 2,800 car insurance risks - 2,500 comprehensive and 300 TPFT. July 1994 and subsequent premiums are assumed average premiums rebased in line with BIPI production methods over time.

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AA BIPI - Home Insurance Shoparound Movements

All channels

	2018 Q2	2018 Q3	Change	2017 Q3	Change
Buildings	£120.38	£118.67	- 1.4%	£115.31	+ 2.9%
Contents	£59.80	£59.22	- 1.0%	£60.78	- 2.6%
Combined	£163.84	£161.87	- 1.2%	£159.83	+ 1.3%

AA BIPI - Home Insurance Shoparound Movements

Buildings summary by region - all channels

Region	Shoparound		Change
	2018 Q2	2018 Q3	
Border & TyneTees	£115.85	£113.26	- 2.2%
Central & Granada	£116.09	£113.95	- 1.8%
London & South	£129.01	£128.64	- 0.3%
Scotland	£118.18	£116.74	- 1.2%
Wales	£125.05	£123.17	- 1.5%
West & West Country	£114.10	£111.21	- 2.5%
Yorkshire & Anglia	£116.41	£113.94	- 2.1%

Contents summary by region - all channels

Region	Shoparound		Change
	2018 Q2	2018 Q3	
Border & TyneTees	£55.54	£54.87	- 1.2%
Central & Granada	£61.66	£60.67	- 1.6%
London & South	£61.90	£61.61	- 0.5%
Scotland	£54.66	£54.27	- 0.7%
Wales	£57.60	£57.30	- 0.5%
West & West Country	£55.66	£55.30	- 0.7%
Yorkshire & Anglia	£60.43	£59.68	- 1.2%

Combined summary by region - all channels

Region	Shoparound		Change
	2018 Q2	2018 Q3	
Border & TyneTees	£154.03	£151.58	- 1.6%
Central & Granada	£160.93	£158.81	- 1.3%
London & South	£176.66	£175.43	- 0.7%
Scotland	£157.20	£155.46	- 1.1%
Wales	£165.20	£160.93	- 2.6%
West & West Country	£150.76	£149.25	- 1.0%
Yorkshire & Anglia	£159.45	£157.04	- 1.5%

AA BIPI - Home Insurance Shoparound Movements

Buildings summary by age - all channels

Age	Shoparound		Change
	2018 Q2	2018 Q3	
17-22	£121.33	£116.94	- 3.6%
23-29	£129.52	£128.97	- 0.4%
30-39	£124.16	£122.12	- 1.6%
40-49	£124.16	£121.93	- 1.8%
50-59	£117.85	£116.86	- 0.8%
60-69	£104.72	£103.62	- 1.0%
70+	£105.38	£104.55	- 0.8%

Contents summary by age - all channels

Age	Shoparound		Change
	2018 Q2	2018 Q3	
17-22	£66.23	£65.13	- 1.7%
23-29	£66.43	£65.50	- 1.4%
30-39	£63.52	£62.70	- 1.3%
40-49	£61.11	£60.57	- 0.9%
50-59	£57.66	£57.29	- 0.6%
60-69	£50.85	£50.40	- 0.9%
70+	£48.34	£48.18	- 0.3%

Combined summary by age - all channels

Age	Shoparound		Change
	2018 Q2	2018 Q3	
17-22	£168.43	£166.14	- 1.4%
23-29	£181.28	£180.75	- 0.3%
30-39	£171.87	£168.76	- 1.8%
40-49	£167.29	£165.15	- 1.3%
50-59	£159.88	£158.88	- 0.6%
60-69	£140.92	£139.37	- 1.1%
70+	£138.82	£137.79	- 0.7%

AA BIPI - Home Insurance Shoparound Movements

Buildings summary by property - all channels

Property type	Shoparound		Change
	2018 Q2	2018 Q3	
Bungalow	£113.31	£111.25	- 1.8%
Detached	£139.30	£137.66	- 1.2%
End Terraced	£110.24	£111.18	+ 0.9%
Flat	£127.32	£127.93	+ 0.5%
Semi Detached	£108.15	£106.22	- 1.8%
Terraced	£116.44	£114.36	- 1.8%

Contents summary by property - all channels

Property type	Shoparound		Change
	2018 Q2	2018 Q3	
Bungalow	£54.93	£54.73	- 0.4%
Detached	£62.74	£62.03	- 1.1%
End Terraced	£61.60	£60.89	- 1.2%
Flat	£61.97	£61.37	- 1.0%
Semi Detached	£57.31	£57.02	- 0.5%
Terraced	£61.41	£60.38	- 1.7%

Combined summary by property - all channels

Property type	Shoparound		Change
	2018 Q2	2018 Q3	
Bungalow	£150.38	£149.06	- 0.9%
Detached	£184.10	£180.63	- 1.9%
End Terraced	£159.88	£159.10	- 0.5%
Flat	£184.64	£187.01	+ 1.3%
Semi Detached	£148.68	£147.43	- 0.8%
Terraced	£162.14	£159.62	- 1.6%

AA BIPI - Home Insurance Shoparound Movements

Buildings summary by year built - all channels

Year built	Shoparound		Change
	2018 Q2	2018 Q3	
<1920	£146.18	£143.49	- 1.8%
1920-1945	£122.49	£121.07	- 1.2%
1946-1979	£109.02	£107.55	- 1.3%
1980-1999	£102.95	£102.11	- 0.8%
2000+	£95.48	£93.95	- 1.6%

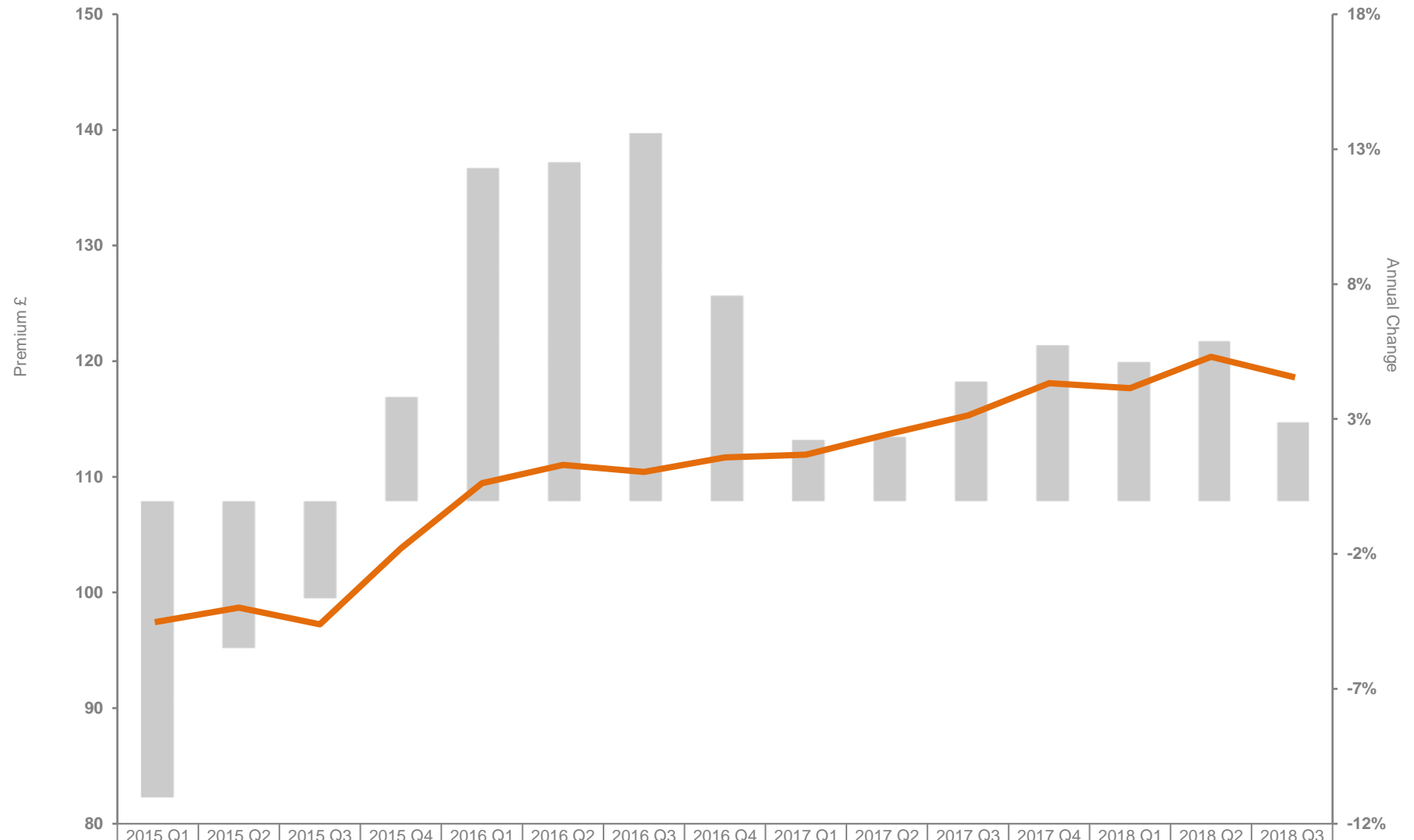
Contents summary by year built - all channels

Year built	Shoparound		Change
	2018 Q2	2018 Q3	
<1920	£66.07	£65.21	- 1.3%
1920-1945	£62.27	£61.75	- 0.8%
1946-1979	£56.03	£55.68	- 0.6%
1980-1999	£55.62	£54.73	- 1.6%
2000+	£54.71	£54.08	- 1.2%

Combined summary by year built - all channels

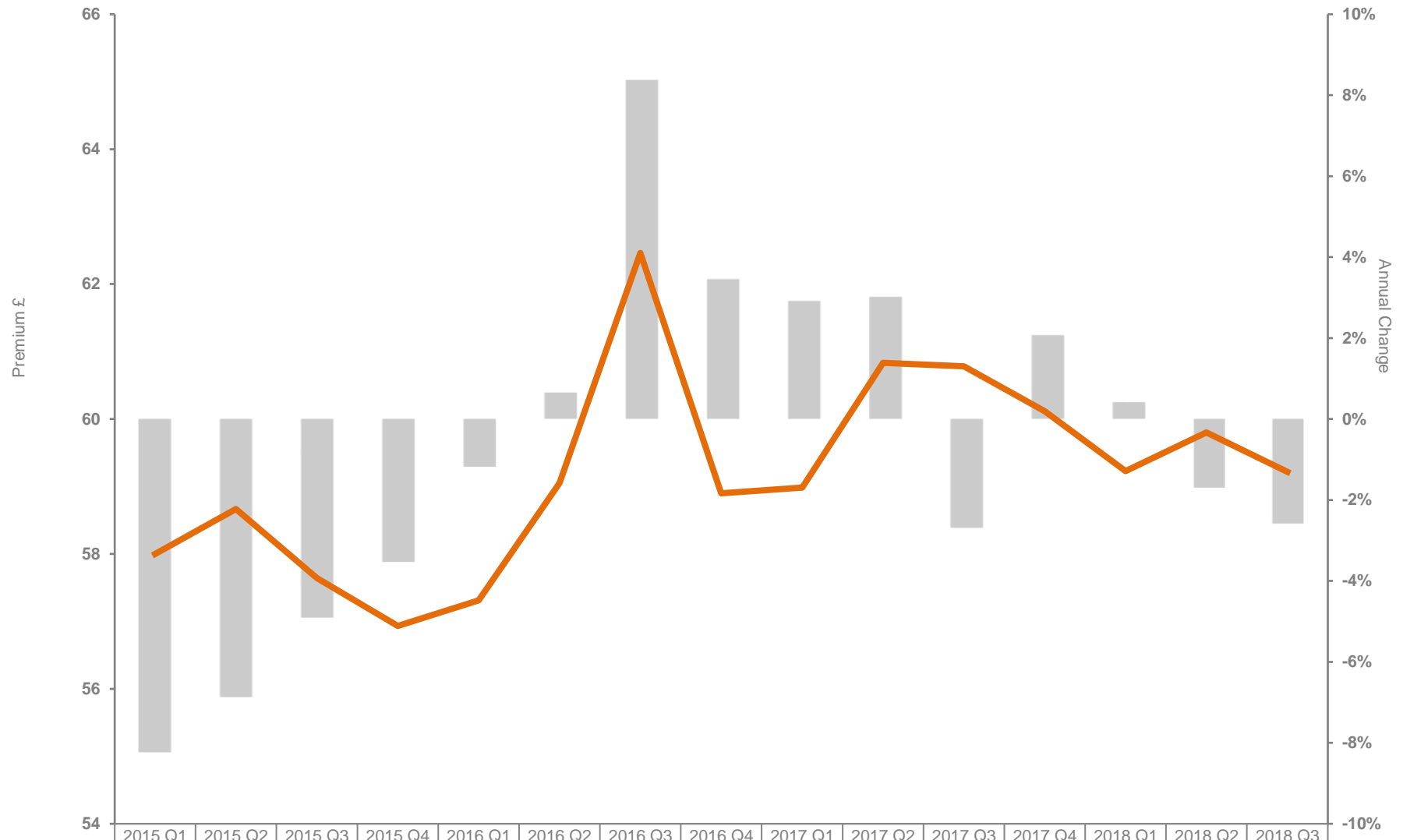
Year built	Shoparound		Change
	2018 Q2	2018 Q3	
<1920	£195.66	£191.34	- 2.2%
1920-1945	£168.48	£166.65	- 1.1%
1946-1979	£149.20	£148.09	- 0.7%
1980-1999	£141.59	£141.10	- 0.3%
2000+	£134.50	£132.68	- 1.3%

AA BIPI - Home Buildings Shoparound Premium



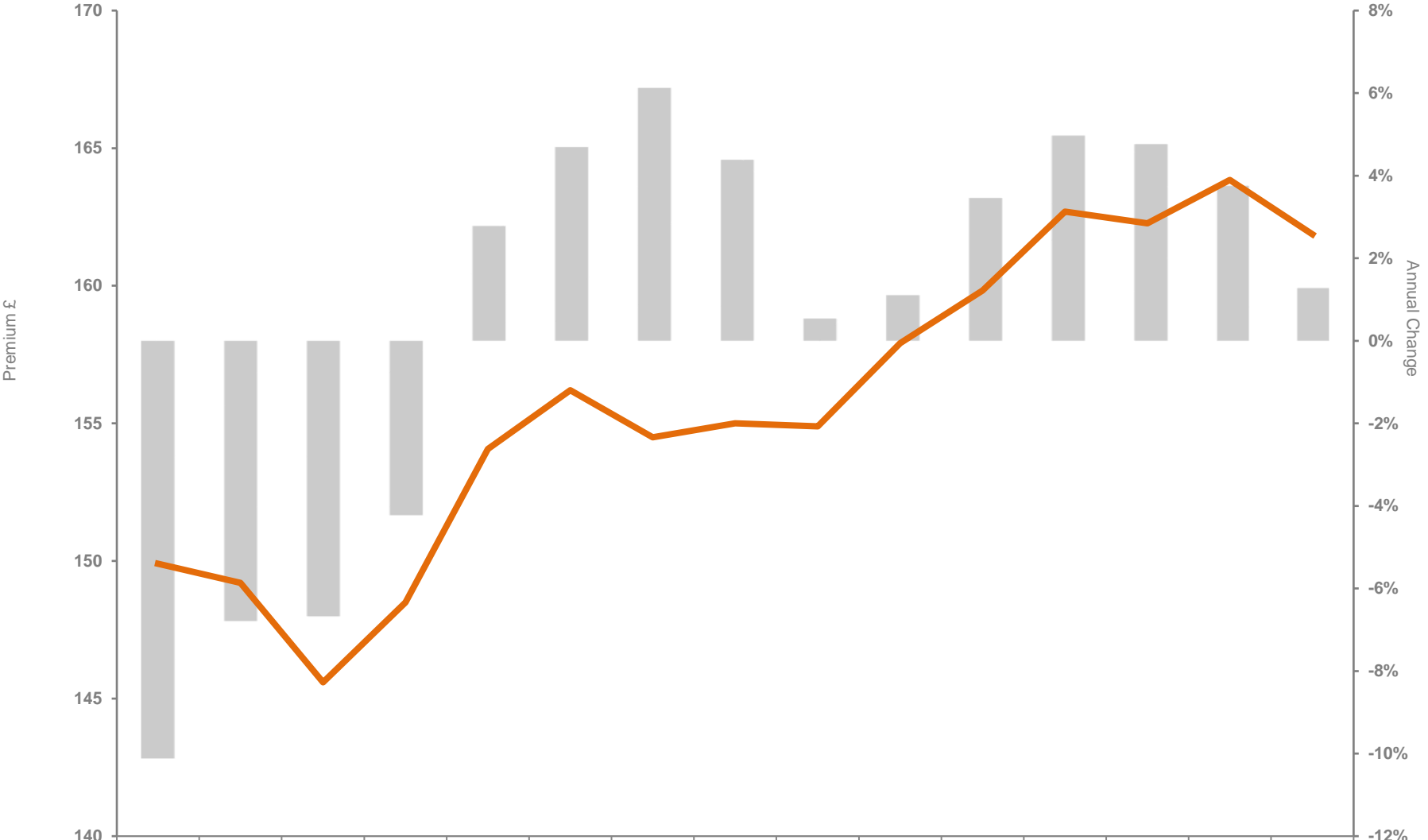
Annual Change	-11.0%	-5.4%	-3.6%	3.8%	12.3%	12.5%	13.6%	7.6%	2.3%	2.4%	4.4%	5.7%	5.1%	5.9%	2.9%
Buildings Premium	97.47	98.70	97.24	103.80	109.44	111.04	110.43	111.67	111.92	113.67	115.31	118.09	117.67	120.38	118.67

AA BIPI - Home Contents Shoparound Premium



Annual Change	-8.2%	-6.9%	-4.9%	-3.5%	-1.2%	0.7%	8.4%	3.5%	2.9%	3.0%	-2.7%	2.1%	0.4%	-1.7%	-2.6%
Contents Premium	58.00	58.67	57.64	56.93	57.31	59.05	62.46	58.90	58.98	60.83	60.78	60.12	59.23	59.80	59.22

AA BIPI - Home Combined Shoparound Premium



Annual Change	-10.1%	-6.8%	-6.7%	-4.2%	2.8%	4.7%	6.1%	4.4%	0.5%	1.1%	3.5%	5.0%	4.8%	3.8%	1.3%
Combined Premium	149.90	149.21	145.59	148.49	154.07	156.20	154.49	155.00	154.89	157.92	159.83	162.69	162.27	163.84	161.87

AA BRITISH INSURANCE PREMIUM INDEX - 2018 Q3

Note: IPT at 2.5 per cent was introduced to premiums between July and October 1994

IPT was increased to 4% on 1 April 1997, to 5% on 1 July 1999, to 6% on 4 January 2011, to 9.5% on 1 November 2015, to 10% on 1 October 2016 and then 12% on 1st June 2017

Figures shown include IPT, whereas on July 1994 premiums IPT did not apply

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