



### AA British Insurance Premium Index – 2017 quarter 4

24 January 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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#### Media contact

Ian Crowder

01256 492 844      [ian.crowder@theAA.com](mailto:ian.crowder@theAA.com)

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### Car insurance premiums – 2017 quarter 4

#### Comprehensive premium falls over last quarter of 2017

- Second quarter fall in succession

At the close of 2017 car insurance premiums had fallen from their highest ever level during the middle of the year when they touched £713.02. However, premiums were still some 2% higher than at the end of 2016.

The Shoparound premium dropped over the last three months of the year by 1.7%, from £678.18 at the end of September to £666.94.<sup>1</sup>

But Michael Lloyd, director of [AA Insurance](#), believes that premiums could rise again during 2018.

"Several factors are affecting the yo-yo nature of car insurance premiums," he says.

"Most significant was the government's decision to review the so-called discount rate, which is used to set the amount of compensation received by those suffering an injury in a car crash. The rate fell from 2.5% to minus 0.75%, sharply increasing the cost of insurance claims, and that in turn led to premium increases.

"But the government now recognises that the cut was too much and has agreed to review the rate. That has helped to stop premiums rising further.

"However, even as we enter 2018, the reinsurance companies that underpin the consumer insurance sector are increasing rates quite sharply, in a reaction to the discount rate, and that will find its way to the premiums drivers pay.

"But these rises could be tempered if the government presses ahead with its planned reforms to curb the whiplash compensation culture. The reforms would stop law firms from cold-calling people to persuade them to make a claim following a car collision, even if they haven't been injured."

Continued

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<sup>1</sup> 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.



Lloyd is also urging the government to steer clear of any plans to increase Insurance Premium Tax, which doubled from 6% to 12% over just two years.

He concludes: "While car insurance premiums will be under pressure to rise, I think recent comments suggesting they will could be approaching the £1,000 mark by the year end are somewhat pessimistic."

Young drivers (17–22) continue to pay by far the highest premiums – on average, £1,625.78, down 3.8% since the end of September. Young men tend to pay higher premiums than young women, reflecting differences in their car choice, mileage and occupation.

Regionally, the north-west (Granada) is the region to insure a car, despite a 1.1% fall in Shoparound premiums to £916.18. This is followed by Northern Ireland, which saw a 4.8% fall to £884.65, while London is third costliest with a 1.4% drop to £833.43.

Scotland remains the cheapest region to insure a car with its Shoparound quote of £487.11, a premium drop of 0.9% over the last quarter of 2017.

### Shoparound premium summary (all channels)

	2017 Q3	2017 Q4	Change	2016 Q4	Change
<b>Comprehensive</b>	£678.18	£666.94	-1.7%	£654.08	+2.0%
<b>Third Party, Fire &amp; Theft</b>	£1038.72	£1,013.08	-2.5%	£1,045.77	-3.1%

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 2017 Q4

Download the Index (Excel file) for motor insurance

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

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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)

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### Home insurance premiums – 2017 quarter 4

#### Home premiums: two-year upward trend continues

Premiums for home buildings insurance have been gently rising over the past two years. In the last quarter of 2017 the Shoparound quote rose by less than £3 or 2.4%, from £114.35 to £117.11, and over 12 months it was up by 5.7%.<sup>2</sup>

The Shoparound quote for a home contents policy fell very slightly – by less than £1 or 1.1%, from £61.07 to £60.40. The quote is 2.1% higher than at the end of 2016.

The Shoparound quote for a combined buildings and contents policy rose by 1.8% from £158.95 to £161.80, and over the year by 5%.

Despite the overall rises, the premiums still represent good value for money.

Says Michael Lloyd, director of [AA Insurance](#): "Home insurance premiums don't move by very much, although the rate of increase has been faster over the third quarter of 2017.

"Most of the increases over the past couple of years can be accounted for by Insurance Premium Tax, which increased from 6% to 12% over that time, and inflation.

"There may also be some nervousness about the first of the winter storms during late November and December, causing damage to property either structurally or by flooding.

"Given some of the extreme weather during January, that upward trend could continue over the first quarter of 2018. Even so, it will take widespread and significant property damage – in the region of £1 billion or more – to prompt any significant premium rises."

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<sup>2</sup> 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.



## AA British Insurance Premium Index

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The costliest region to insure a home is London with the south of England – a combined policy increasing over the quarter by 2.1% to £172.26.

### Shoparound premium summary

	2017 Q3	2017 Q4	Change	2016 Q4	Change
<b>Buildings</b>	£114.35	£117.11	+2.4%	£110.74	+5.7%
<b>Contents</b>	£61.07	£60.40	-1.1%	£59.17	+2.1%
<b>Combined</b>	£158.95	£161.80	+1.8%	£154.15	+5.0%

Based on GFK channel preference and arrangement data.

Continued



## Home insurance premiums – summary tables and charts 2017 Q4

Download the Index (Excel file) for home insurance:

[750 risks for home insurance](#)

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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)

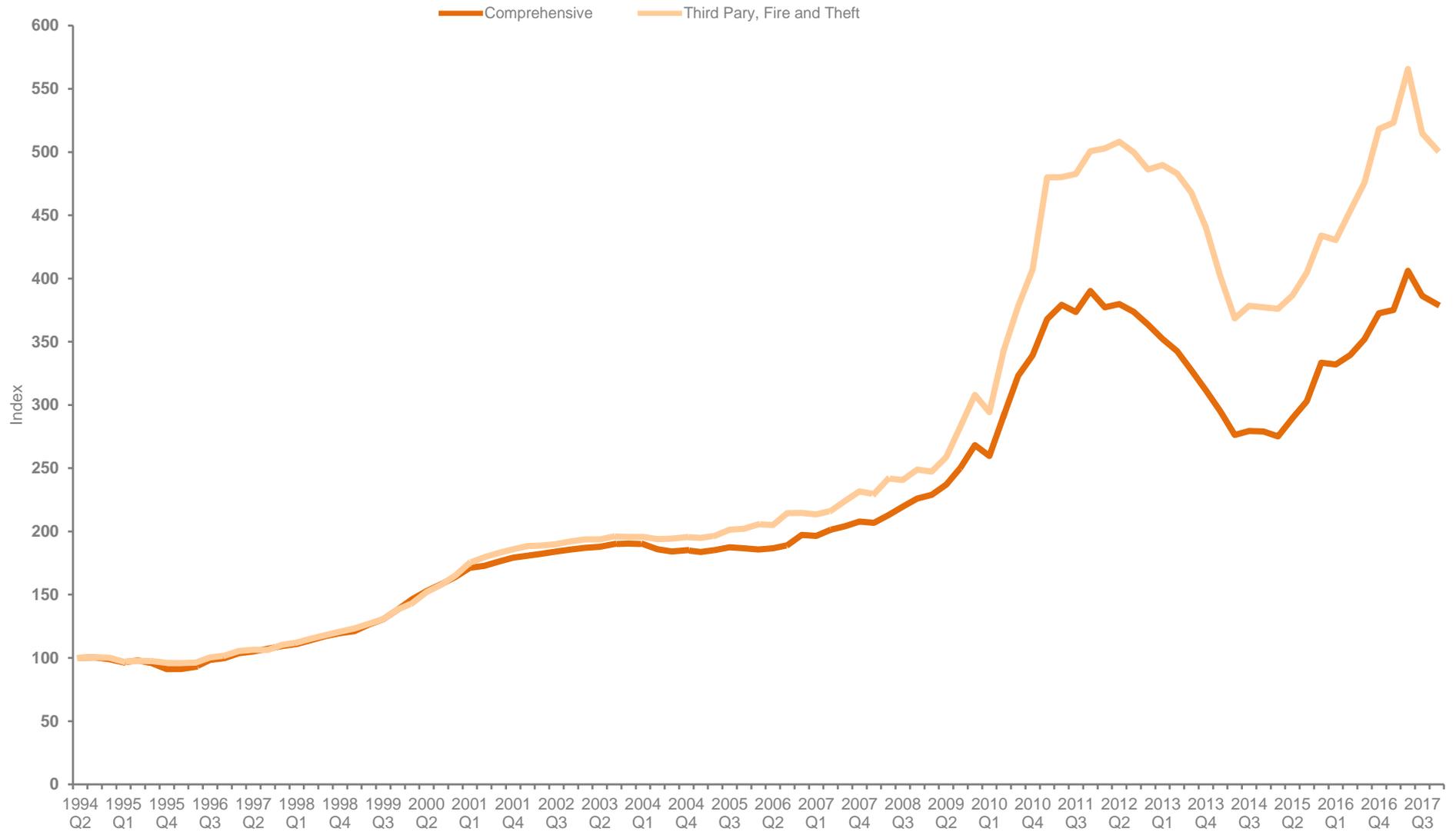
Buildings insurance Shoparound premium trend (chart)

Contents insurance Shoparound premium trend (chart)

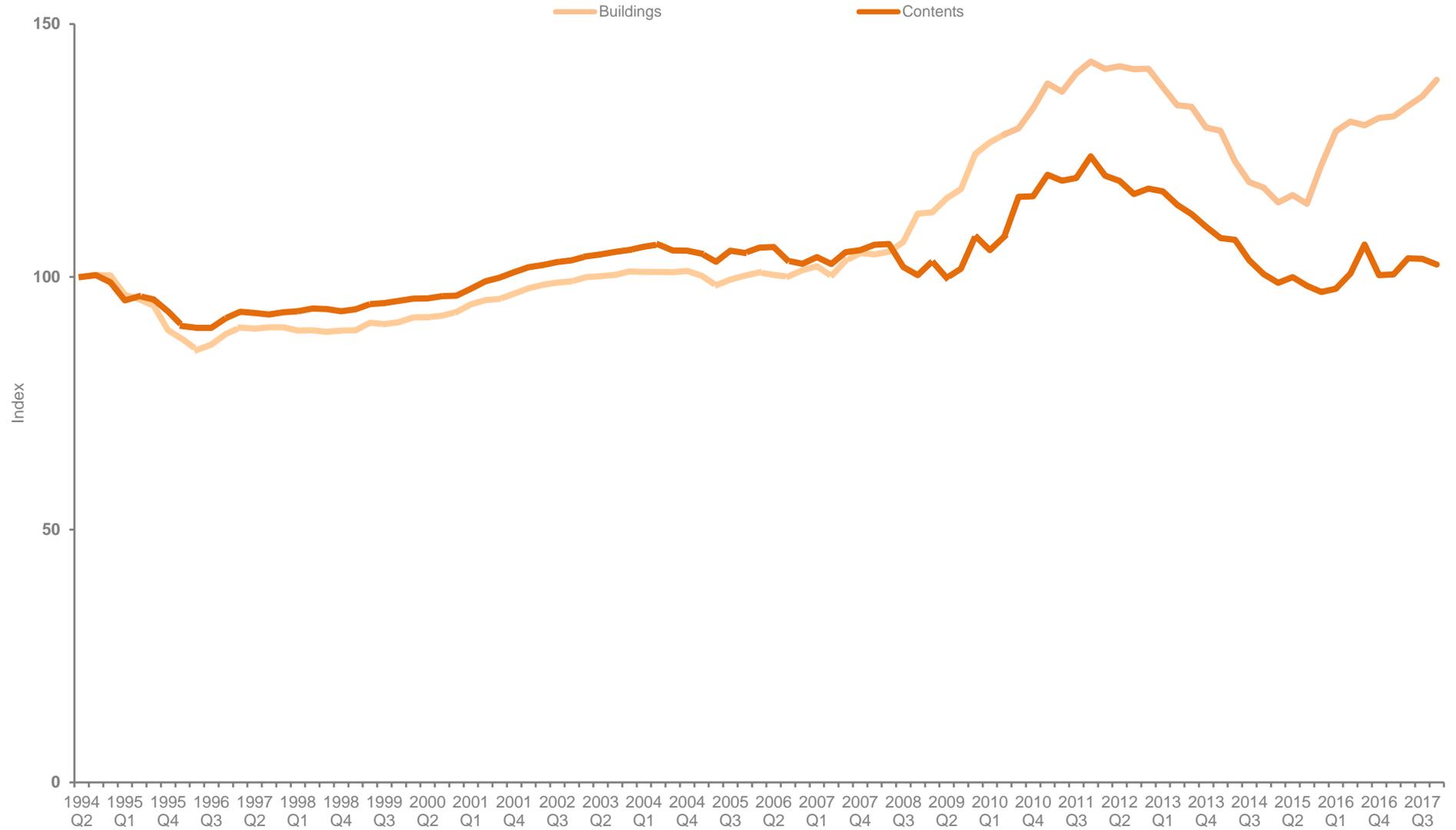
Buildings and contents insurance Shoparound premium trend (chart)

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## AA British Insurance Premium Index - Car Insurance Shoparound Trends

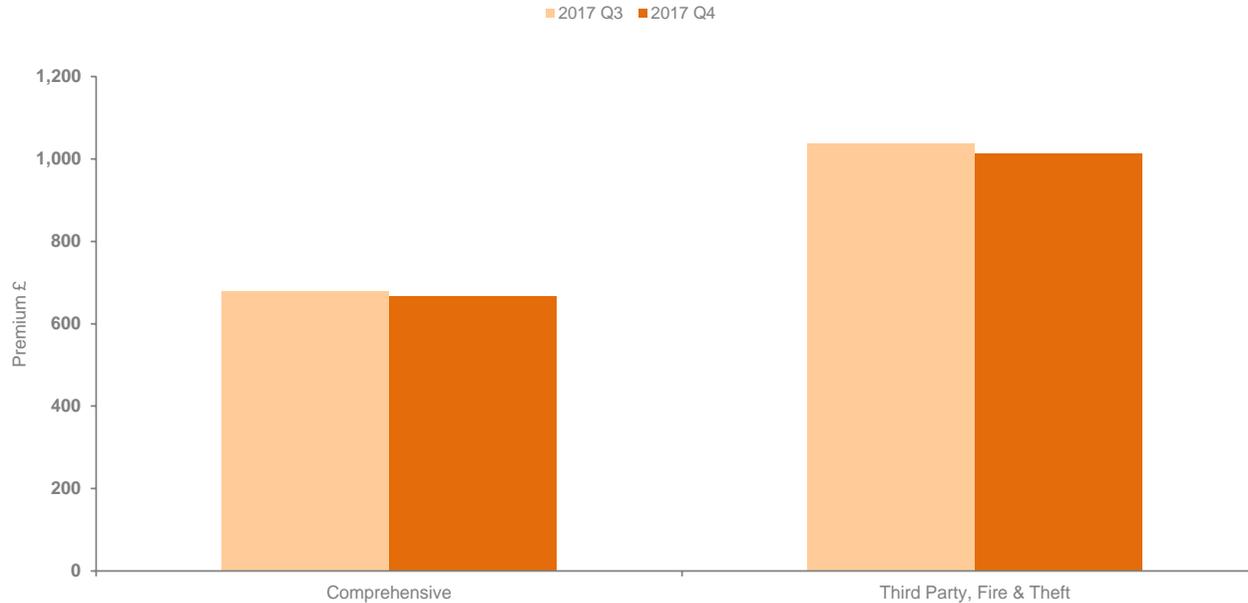


# AA British Insurance Premium Index - Home Insurance ShoparoundTrends



## AA British Insurance Premium Index - Motor Shoparound Premium All Channels

	2017 Q3	2017 Q4
Comprehensive	£678.18	£666.94
Third Party, Fire & Theft	£1,038.72	£1,013.08



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 92 of the UK's leading insurers and home premiums across 58 insurers. Composites, direct writers and online providers are included.

The quarterly movement compares the market average 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\*

	2017 Q3	2017 Q4	Change	2016 Q4	Change
Comprehensive	£678.18	£666.94	- 1.7%	£654.08	+ 2.0%
Third Party, Fire & Theft	£1,038.72	£1,013.08	- 2.5%	£1,045.77	- 3.1%

\* Based on GFK channel preference and arrangement data - September 2017.

## AA BIPI - Motor Insurance Shoparound Movements

### Summary by region - all channels

Region	Shoparound		Change
	2017 Q3	2017 Q4	
Anglia	£664.51	£651.20	- 2.0%
Border & TyneTees	£646.76	£628.05	- 2.9%
Central	£700.94	£695.73	- 0.7%
Granada	£926.09	£916.18	- 1.1%
London	£845.58	£833.43	- 1.4%
STV	£491.78	£487.11	- 0.9%
Meridian	£588.68	£575.82	- 2.2%
UTV	£929.29	£884.65	- 4.8%
Wales	£639.74	£624.53	- 2.4%
West & West Country	£545.20	£533.07	- 2.2%
Yorkshire	£748.86	£733.62	- 2.0%

### Summary by age - all channels

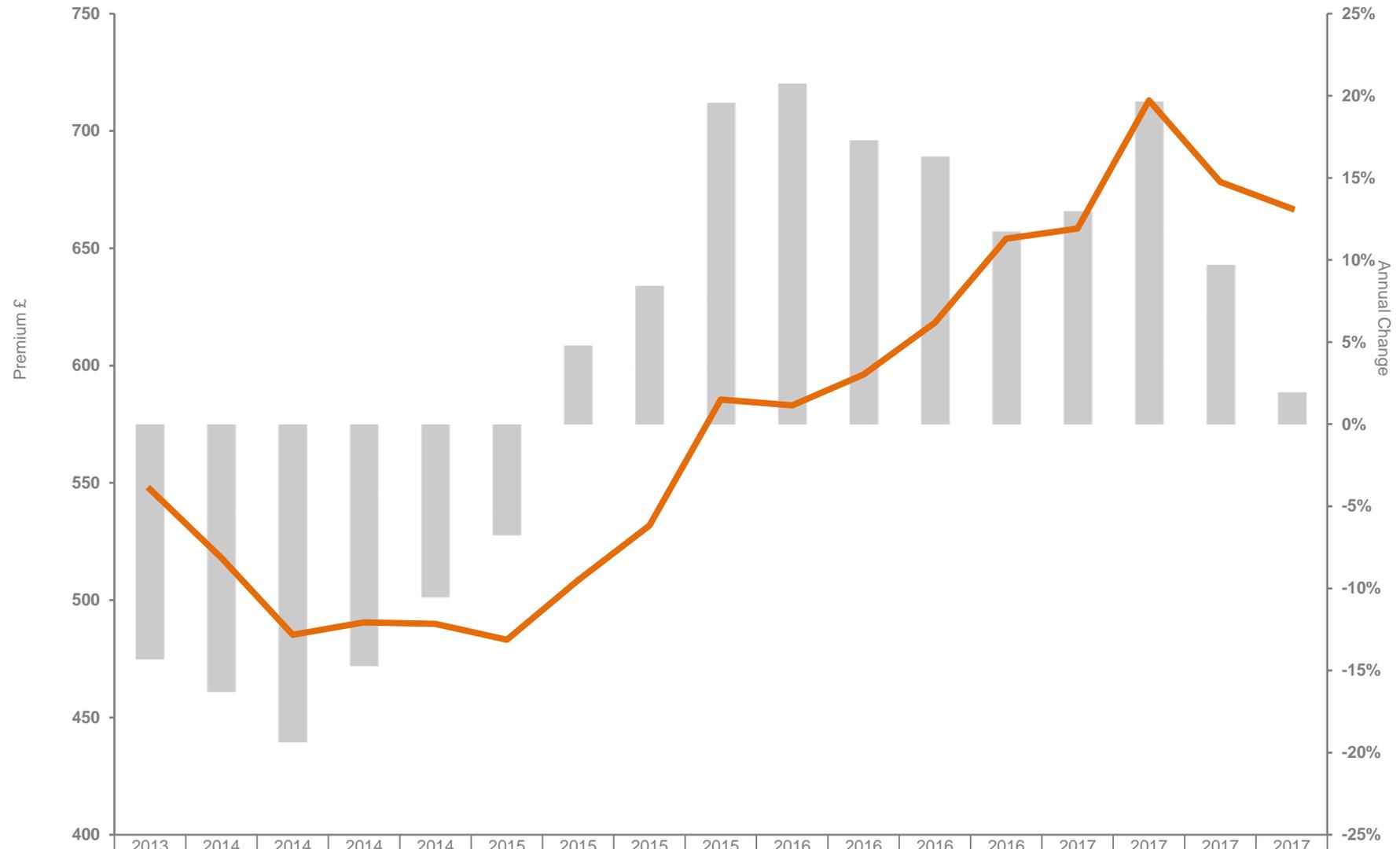
Age	Shoparound		Change
	2017 Q3	2017 Q4	
17-22	£1,689.26	£1,625.78	- 3.8%
23-29	£890.17	£870.41	- 2.2%
30-39	£588.37	£575.69	- 2.2%
40-49	£546.74	£539.44	- 1.3%
50-59	£468.49	£462.82	- 1.2%
60-69	£415.15	£413.34	- 0.4%
70+	£583.65	£578.56	- 0.9%

### Summary by age and gender - all channels

Female		Shoparound		Change
Age	2017 Q3	2017 Q4		
17-22	£1,536.01	£1,472.94		- 4.1%
23-29	£831.03	£812.82		- 2.2%
30-39	£568.79	£554.88		- 2.4%
40-49	£517.64	£514.57		- 0.6%
50-59	£477.47	£473.96		- 0.7%
60-69	£408.24	£405.69		- 0.6%
70+	£528.36	£529.68		+ 0.3%

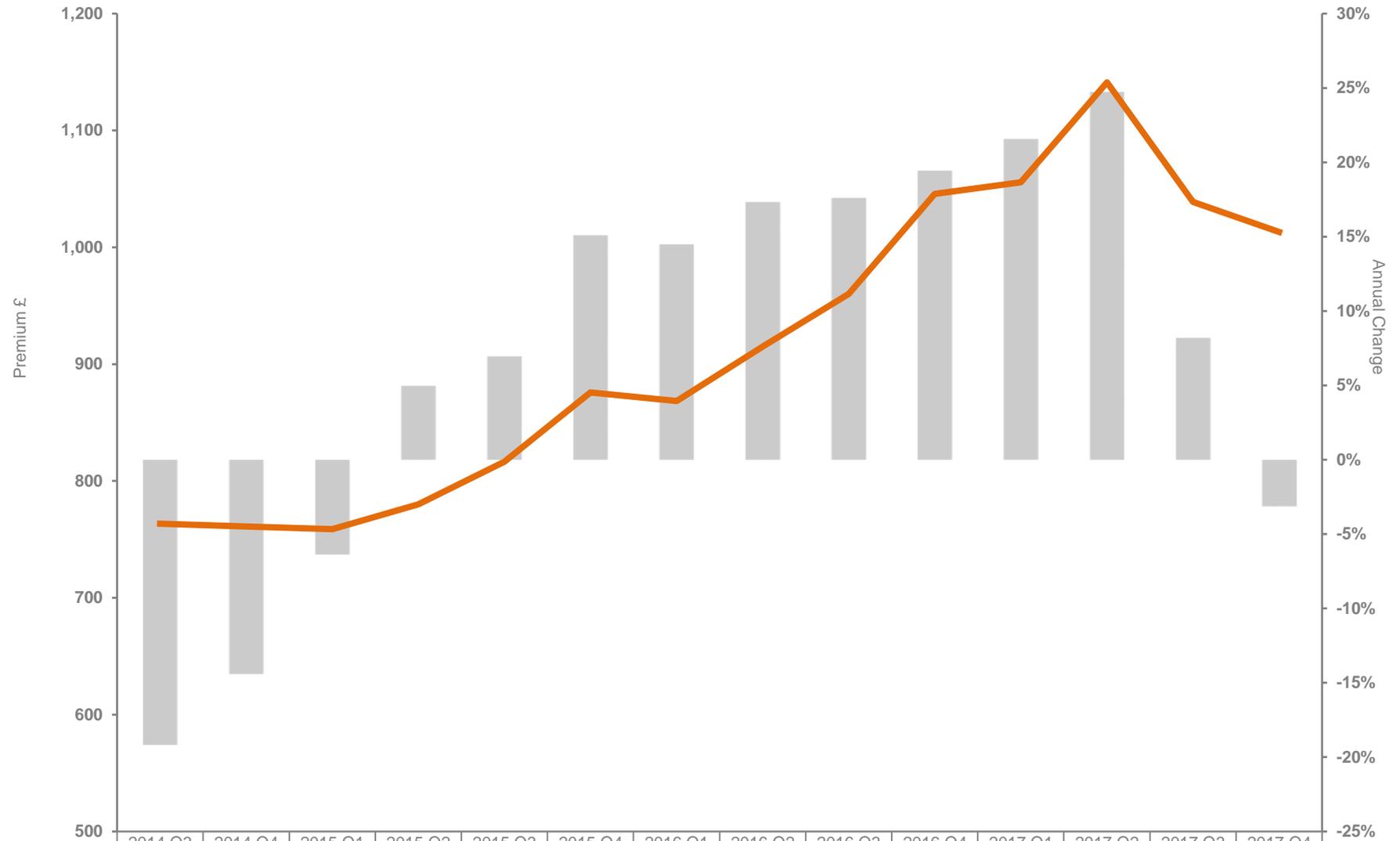
Male		Shoparound		Change
Age	2017 Q3	2017 Q4		
17-22	£1,844.48	£1,781.06		- 3.4%
23-29	£954.73	£934.68		- 2.1%
30-39	£607.17	£595.68		- 1.9%
40-49	£573.39	£562.06		- 2.0%
50-59	£458.37	£450.20		- 1.8%
60-69	£420.92	£419.84		- 0.3%
70+	£642.35	£630.47		- 1.8%

### AA BIPI - Motor Comprehensive Shoparound Premium



Annual Change	-14.3%	-16.2%	-19.3%	-14.7%	-10.5%	-6.7%	4.8%	8.4%	19.5%	20.7%	17.2%	16.3%	11.7%	12.9%	19.6%	9.7%	2.0%
Comp Premium	£547.27	£517.96	£485.23	£490.52	£489.91	£483.10	£508.49	£531.78	£585.54	£583.01	£596.19	£618.24	£654.08	£658.45	£713.02	£678.18	£666.94

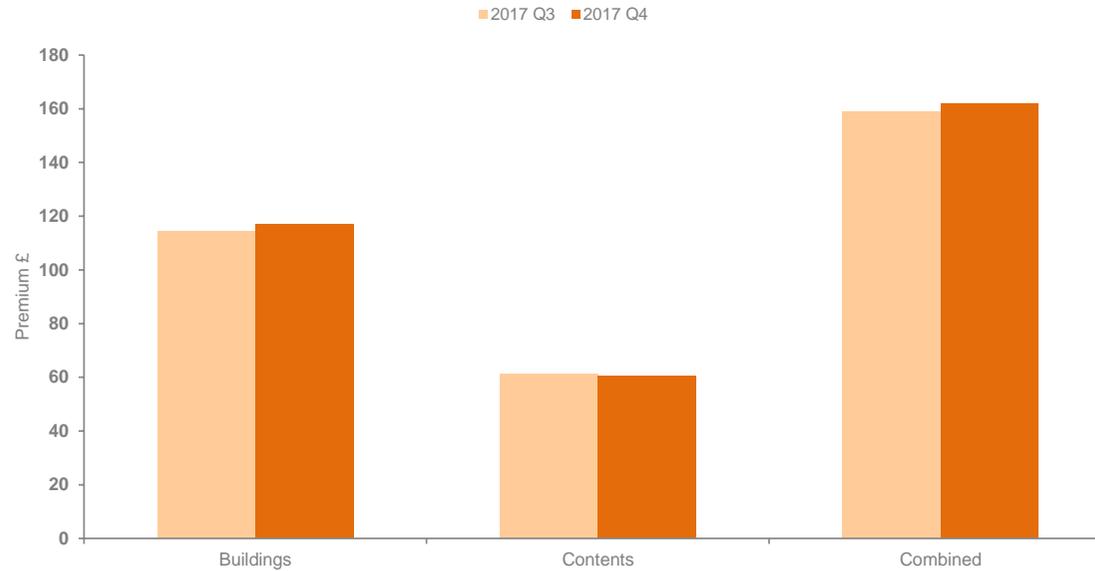
### AA BIPI - Motor Third Party, Fire & Theft Shoparound Premium



Annual Change	-19.1%	-14.4%	-6.4%	5.0%	6.9%	15.1%	14.5%	17.3%	17.6%	19.4%	21.6%	24.7%	8.2%	-3.1%
Comp Premium	£763.48	£761.01	£758.75	£780.03	£816.45	£875.74	£868.52	£915.10	£960.10	£1,045.77	£1,055.70	£1,141.19	£1,038.72	£1,013.08

## AA British Insurance Premium Index - Home Shoparound Premium All Channels

	2017 Q3	2017 Q4
<b>Buildings</b>	£114.35	£117.11
<b>Contents</b>	£61.07	£60.40
<b>Combined</b>	£158.95	£161.80



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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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 - Home Insurance Shoparound Movements**

All channels\*

	2017 Q3	2017 Q4	Change	2016 Q4	Change
<b>Buildings</b>	£114.35	£117.11	+ 2.4%	£110.74	+ 5.7%
<b>Contents</b>	£61.07	£60.40	- 1.1%	£59.17	+ 2.1%
<b>Combined</b>	£158.95	£161.80	+ 1.8%	£154.15	+ 5.0%

\*Based on GFK channel preference and arrangement data - September 2017.

## AA BIPI - Home Insurance Shoparound Movements

### Buildings summary by region - all channels

Region	Shoparound		Change
	2017 Q3	2017 Q4	
Border & TyneTees	£110.65	£112.98	+ 2.1%
Central & Granada	£111.48	£113.46	+ 1.8%
London & Meridian	£121.17	£124.94	+ 3.1%
STV	£111.28	£113.93	+ 2.4%
Wales	£118.22	£120.62	+ 2.0%
West & West Country	£108.95	£112.35	+ 3.1%
Yorkshire & Anglia	£111.37	£113.63	+ 2.0%

### Contents summary by region - all channels

Region	Shoparound		Change
	2017 Q3	2017 Q4	
Border & TyneTees	£56.92	£56.19	- 1.3%
Central & Granada	£63.84	£62.57	- 2.0%
London & Meridian	£62.38	£62.04	- 0.5%
STV	£55.45	£54.66	- 1.4%
Wales	£58.49	£58.03	- 0.8%
West & West Country	£56.96	£56.43	- 0.9%
Yorkshire & Anglia	£62.05	£61.56	- 0.8%

### Combined summary by region - all channels

Region	Shoparound		Change
	2017 Q3	2017 Q4	
Border & TyneTees	£150.43	£153.06	+ 1.7%
Central & Granada	£158.20	£160.11	+ 1.2%
London & Meridian	£168.72	£172.26	+ 2.1%
STV	£152.22	£155.57	+ 2.2%
Wales	£159.20	£161.62	+ 1.5%
West & West Country	£148.72	£151.16	+ 1.6%
Yorkshire & Anglia	£155.30	£158.33	+ 2.0%

## AA BIPI - Home Insurance Shoparound Movements

### Buildings summary by age - all channels

Age	Shoparound		Change
	2017 Q3	2017 Q4	
17-22	£117.49	£120.84	+ 2.9%
23-29	£123.82	£126.76	+ 2.4%
30-39	£117.48	£120.09	+ 2.2%
40-49	£117.53	£120.50	+ 2.5%
50-59	£111.78	£115.39	+ 3.2%
60-69	£100.04	£102.09	+ 2.0%
70+	£101.70	£102.87	+ 1.1%

### Contents summary by age - all channels

Age	Shoparound		Change
	2017 Q3	2017 Q4	
17-22	£67.56	£67.43	- 0.2%
23-29	£69.06	£67.24	- 2.6%
30-39	£65.44	£64.49	- 1.5%
40-49	£62.16	£61.94	- 0.4%
50-59	£58.07	£57.70	- 0.6%
60-69	£51.39	£50.69	- 1.4%
70+	£49.47	£48.26	- 2.5%

### Combined summary by age - all channels

Age	Shoparound		Change
	2017 Q3	2017 Q4	
17-22	£165.96	£171.71	+ 3.5%
23-29	£177.86	£179.58	+ 1.0%
30-39	£166.07	£168.87	+ 1.7%
40-49	£162.14	£165.36	+ 2.0%
50-59	£154.62	£157.88	+ 2.1%
60-69	£138.01	£140.34	+ 1.7%
70+	£135.04	£136.42	+ 1.0%

## AA BIPI - Home Insurance Shoparound Movements

### Buildings summary by property - all channels

Property type	Shoparound		Change
	2017 Q3	2017 Q4	
Bungalow	£107.56	£110.89	+ 3.1%
Detached	£131.60	£134.88	+ 2.5%
End Terraced	£105.25	£106.97	+ 1.6%
Flat	£120.81	£122.54	+ 1.4%
Semi Detached	£103.14	£105.72	+ 2.5%
Terraced	£111.09	£113.39	+ 2.1%

### Contents summary by property - all channels

Property type	Shoparound		Change
	2017 Q3	2017 Q4	
Bungalow	£56.47	£55.77	- 1.2%
Detached	£63.14	£62.77	- 0.6%
End Terraced	£63.92	£62.30	- 2.5%
Flat	£63.50	£62.18	- 2.1%
Semi Detached	£58.97	£58.25	- 1.2%
Terraced	£62.93	£62.19	- 1.2%

### Combined summary by property - all channels

Property type	Shoparound		Change
	2017 Q3	2017 Q4	
Bungalow	£147.17	£150.88	+ 2.5%
Detached	£177.45	£181.07	+ 2.0%
End Terraced	£153.69	£155.99	+ 1.5%
Flat	£178.30	£179.50	+ 0.7%
Semi Detached	£145.04	£147.02	+ 1.4%
Terraced	£157.44	£160.42	+ 1.9%

## AA BIPI - Home Insurance Shoparound Movements

### Buildings summary by year built - all channels

Year built	Shoparound		Change
	2017 Q3	2017 Q4	
<1920	£138.00	£140.44	+ 1.8%
1920-1945	£116.46	£119.25	+ 2.4%
1946-1979	£103.80	£106.66	+ 2.8%
1980-1999	£98.38	£101.32	+ 3.0%
2000+	£88.96	£92.57	+ 4.1%

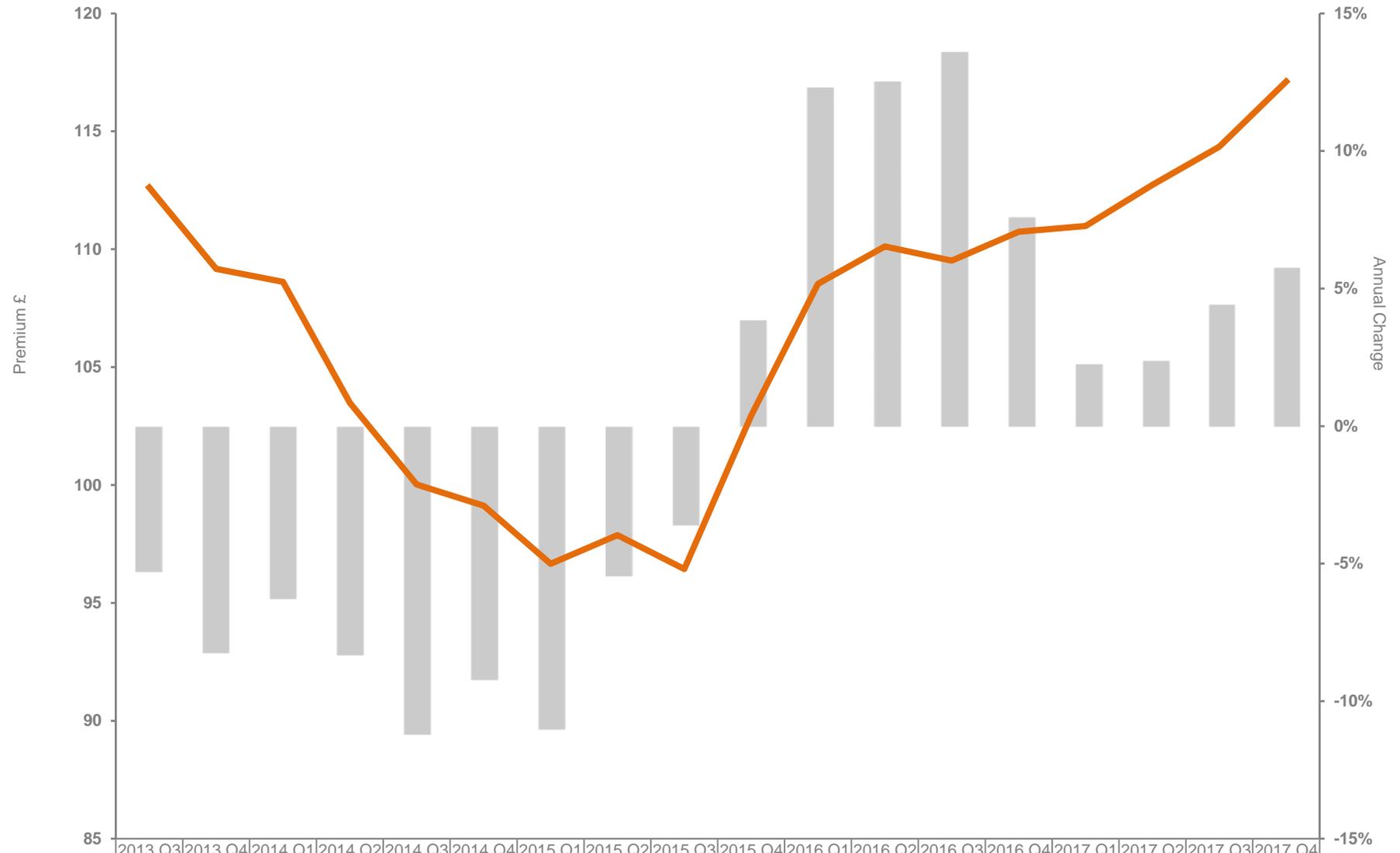
### Contents summary by year built - all channels

Year built	Shoparound		Change
	2017 Q3	2017 Q4	
<1920	£67.00	£66.13	- 1.3%
1920-1945	£63.99	£63.47	- 0.8%
1946-1979	£57.28	£56.55	- 1.3%
1980-1999	£56.73	£56.49	- 0.4%
2000+	£58.31	£55.56	- 4.7%

### Combined summary by year built - all channels

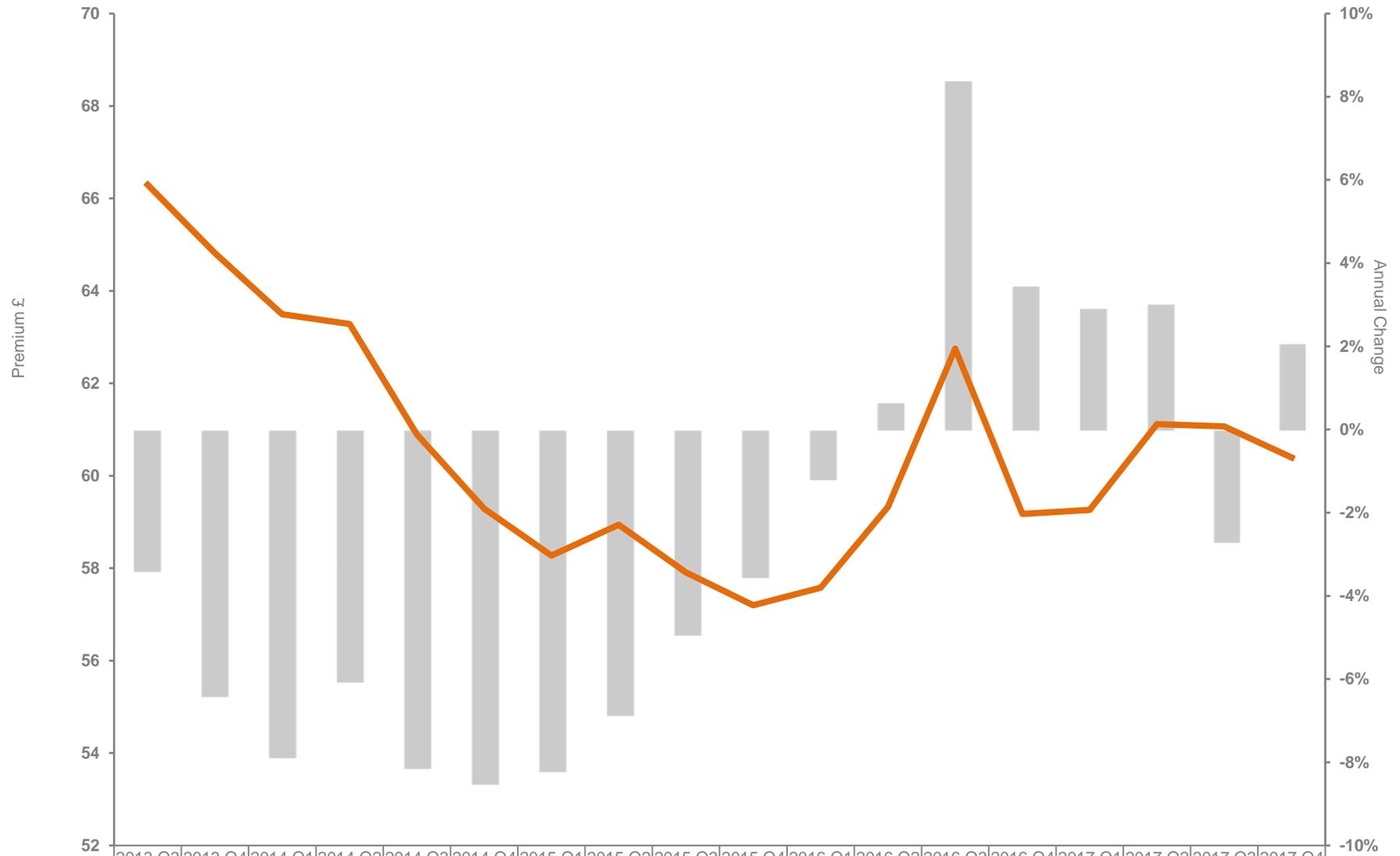
Year built	Shoparound		Change
	2017 Q3	2017 Q4	
<1920	£188.74	£191.48	+ 1.5%
1920-1945	£163.24	£165.76	+ 1.5%
1946-1979	£145.00	£147.98	+ 2.1%
1980-1999	£138.25	£141.42	+ 2.3%
2000+	£132.27	£131.78	- 0.4%

### AA BIPI - Home Buildings Shoparound Premium



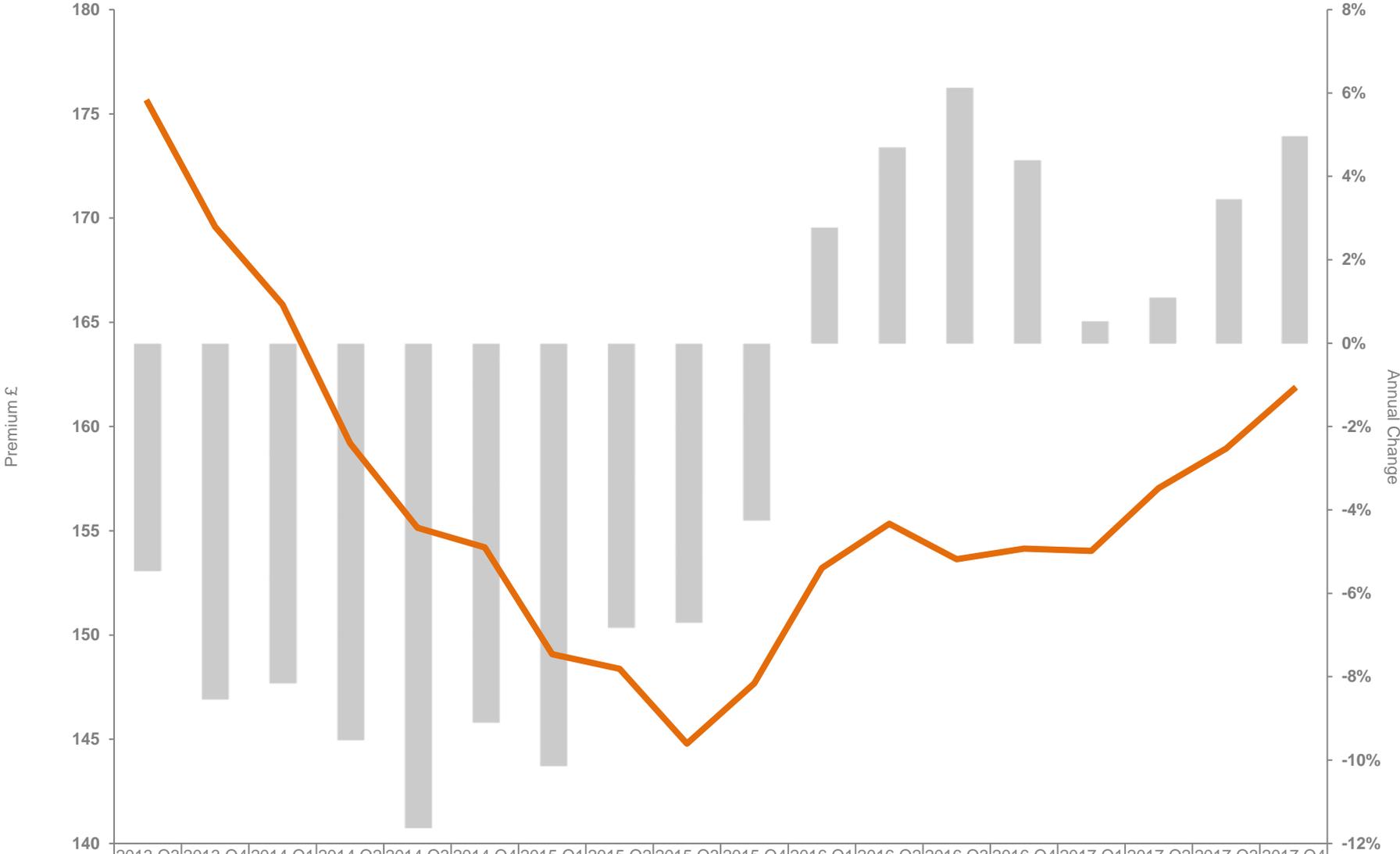
Annual Change	-5.3%	-8.2%	-6.2%	-8.3%	-11.2%	-9.2%	-11.0%	-5.4%	-3.6%	3.8%	12.3%	12.5%	13.6%	7.6%	2.3%	2.4%	4.4%	5.7%
Buildings Premium	£112.62	£109.16	£108.61	£103.49	£100.02	£99.13	£96.66	£97.88	£96.44	£102.94	£108.53	£110.11	£109.52	£110.74	£110.99	£112.73	£114.35	£117.11

### AA BIPI - Home Contents Shoparound Premium



Annual Change	-3.4%	-6.4%	-7.9%	-6.0%	-8.1%	-8.5%	-8.2%	-6.9%	-4.9%	-3.5%	-1.2%	0.7%	8.4%	3.5%	2.9%	3.0%	-2.7%	2.1%
Contents Premium	£66.29	£64.82	£63.49	£63.28	£60.90	£59.29	£58.27	£58.94	£57.91	£57.20	£57.58	£59.32	£62.75	£59.17	£59.26	£61.11	£61.07	£60.40

### AA BIPI - Home Combined Shoparound Premium



Annual Change	-5.4%	-8.5%	-8.1%	-9.5%	-11.6%	-9.1%	-10.1%	-6.8%	-6.7%	-4.2%	2.8%	4.7%	6.1%	4.4%	0.5%	1.1%	3.5%	5.0%
Combined Premium	£175.54	£169.58	£165.86	£159.20	£155.14	£154.20	£149.08	£148.38	£144.79	£147.68	£153.22	£155.34	£153.64	£154.15	£154.04	£157.05	£158.95	£161.80

## **AA BRITISH INSURANCE PREMIUM INDEX - 2017 Q4**

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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For further information, please contact Ian Crowder, telephone 01256 492 844 or email [ian.crowder@theaa.com](mailto:ian.crowder@theaa.com).