



AA British Insurance Premium Index – 2018 quarter 1

20 April 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 1

Premiums fall for third consecutive quarter

- Premium drop anticipates Civil Liability Bill
- AA condemns claims companies' masquerade of respectability

The average price for a comprehensive car insurance policy is slightly less than it was a year ago.

Car insurance premiums peaked at their highest average cost ever during the second quarter of 2017 following sustained increases over 3 years. But they have fallen steadily since then to a Shoparound premium of £660.64, which is just 0.7% or £4.83 cheaper than this time last year, and 2.0% or £13.42p less than the fourth quarter of 2017.¹

Michael Lloyd, director of [AA Insurance](#), comments: "This is a glimmer of good news for drivers who are facing rising fuel prices and increased vehicle tax rates.

"Insurers' confidence in offering lower quotes is further boosted by the government's Civil Liability Bill to review the so-called Ogden or 'discount rate', which affects the value of compensation payouts to injured victims of car crashes.

"This will particularly affect premiums for young drivers who tend to be involved in more catastrophic crashes, and pay much higher premiums, than any other age group."

Lloyd also welcomes the government's commitment in the bill to reform the culture of spurious whiplash injury claims by unscrupulous claims management companies. They cold-call victims of collisions that weren't their fault, and persuade them to make a claim for an injury that they may not have suffered.

"This is nothing short of fraud and it costs insurers millions of pounds either defending such claims or making payments for injury claims they can't prove didn't happen.

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.



"These con artists often attempt a masquerade of responsibility by using names similar to organisations such as the AA, or acting as pseudo-governmental departments.

"And we're receiving a lot of messages from concerned AA Members saying that someone is calling them claiming to be from the AA 'about an accident you had that wasn't your fault', and saying they could get big payouts for a whiplash injury.

"These cold calls certainly do not come from the AA. They come from apparently ordinary telephone numbers to get around 'withheld' call blockers, but if you call back the number goes nowhere," Lloyd says.

"This underlines the disgraceful underhand nature of such firms, who if successful in making a claim against a third-party insurer stand to earn thousands of pounds in legal fees and costs, on top of a compensation payment for the victim.

"This must be stopped, and I welcome moves in the bill to stop such practices which are already on the borderline of legality. It is in the interest of every driver that this whiplash culture is stamped out.

As announced by the Secretary of State for Justice, the Civil Liability Bill is now going through Parliament.² If it becomes law in the autumn, it should be a big step towards stamping out spurious whiplash injury claims and cold-calling by claims management companies.

"In the competitive car insurance market, firms including the AA will pass on the savings they make in the premiums for customers, which the government suggests could be on average about £35 less," adds Lloyd.

According to the AA British Insurance Premium Index, young drivers continue to pay the highest premiums for their insurance. Men aged 17–22 pay on average £1,766.17 for a year's comprehensive cover, while women in the same age group can expect to pay £1,505.28.

Although gender equality for insurance has been in place for more than 5 years, young men tend to drive more powerful cars and cover greater annual mileages than women, and thus incur higher premiums.

The cheapest age to insure a car is 60–69, with a Shoparound premium of £403 and a small difference between genders. Above this age group premiums begin to rise.

Continued

² David Gauke MP, the Secretary of State for Justice, unveiled the [Civil Liability Bill](#) on 20 March 2018.



Shoparound premium summary (all channels)

	2017 Q4	2018 Q1	Change	2017 Q1	Change
Comprehensive	£674.06	£660.64	-2.0%	£665.47	-0.7%
Third Party, Fire & Theft	£1022.87	£1,017.86	-0.5%	£1,065.91	-4.5%

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.

Car insurance premiums – summary tables and charts 2018 Q1

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 1

Premiums stall after sustained increases

Shoparound quotes for home buildings, contents and combined insurance all fell over the first quarter of 2018, but remain higher than a year ago, according to the AA British Insurance Premium Index.³

Standalone buildings premiums increased over 12 months by an average of 5.1% or £5.74 to £117.47, despite a small fall over the first quarter of 2018 of 0.4% or 42p.

Contents policy quotes increased by 0.4% or 24p compared with this time last year, but over the first quarter fell 1.5% or 89p.

The Shoparound quote for a combined buildings and contents policy increased by 4.8% or £7.36 over the last year to £161.75, but over the first quarter fell by 0.3% or 42p.

Michael Lloyd, director of [AA Insurance](#), says: "Despite the increases over the year home insurance remains good value. The average premium for a buildings policy is the same as it was at the beginning of 2011, before it reached an all-time peak of £120.94 in the last quarter of 2011.

Lloyd suggests that the rise in buildings insurance premiums, since a low of £97.08 at the end of 2015, is due to several possible reasons.

"Industry concerns over climate change and the greater likelihood of severe weather causing damage to buildings is ever present. In addition, the weak pound has led to rises in the cost of imported building materials, which means repairs are more costly, while there has been a rise in the number of 'escape of water' claims.

"However, since 2015 the burden of Insurance Premium Tax has doubled. This is nothing more than a tax on responsible people protecting their property and should not be increased."

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.



Shoparound premium summary

	2017 Q4	2018 Q1	Change	2017 Q1	Change
Buildings	£117.89	£117.47	-0.4%	£111.73	+5.1%
Contents	£60.11	£59.22	-1.5%	£58.97	+0.4%
Combined	£162.17	£161.75	-0.3%	£154.39	+4.8%

Based on GFK channel preference and arrangement data.

Home insurance premiums – summary tables and charts 2018 Q1

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)

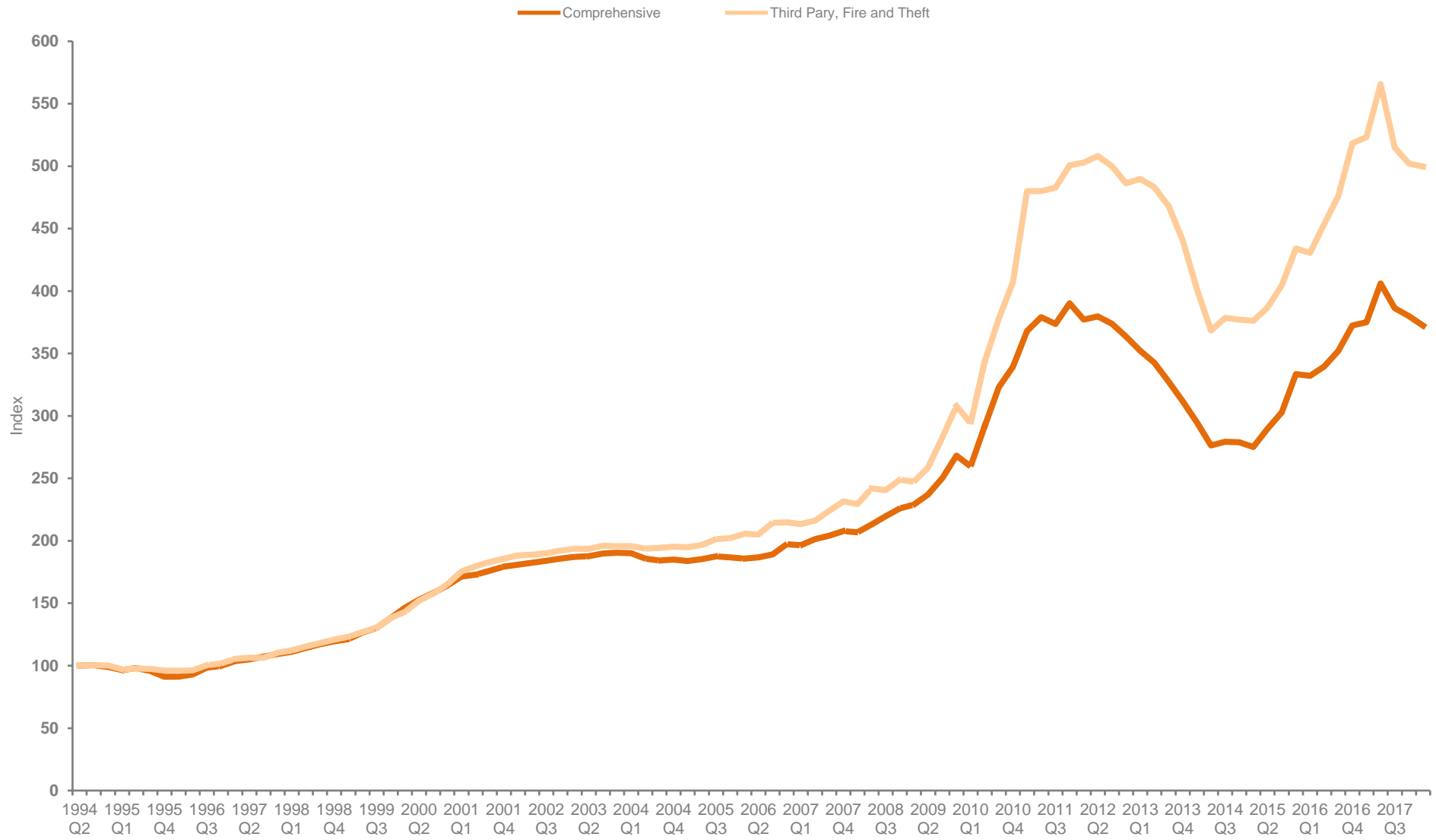
Home insurance Shoparound premium movements – year built (tables)

Buildings insurance Shoparound premium trend (chart)

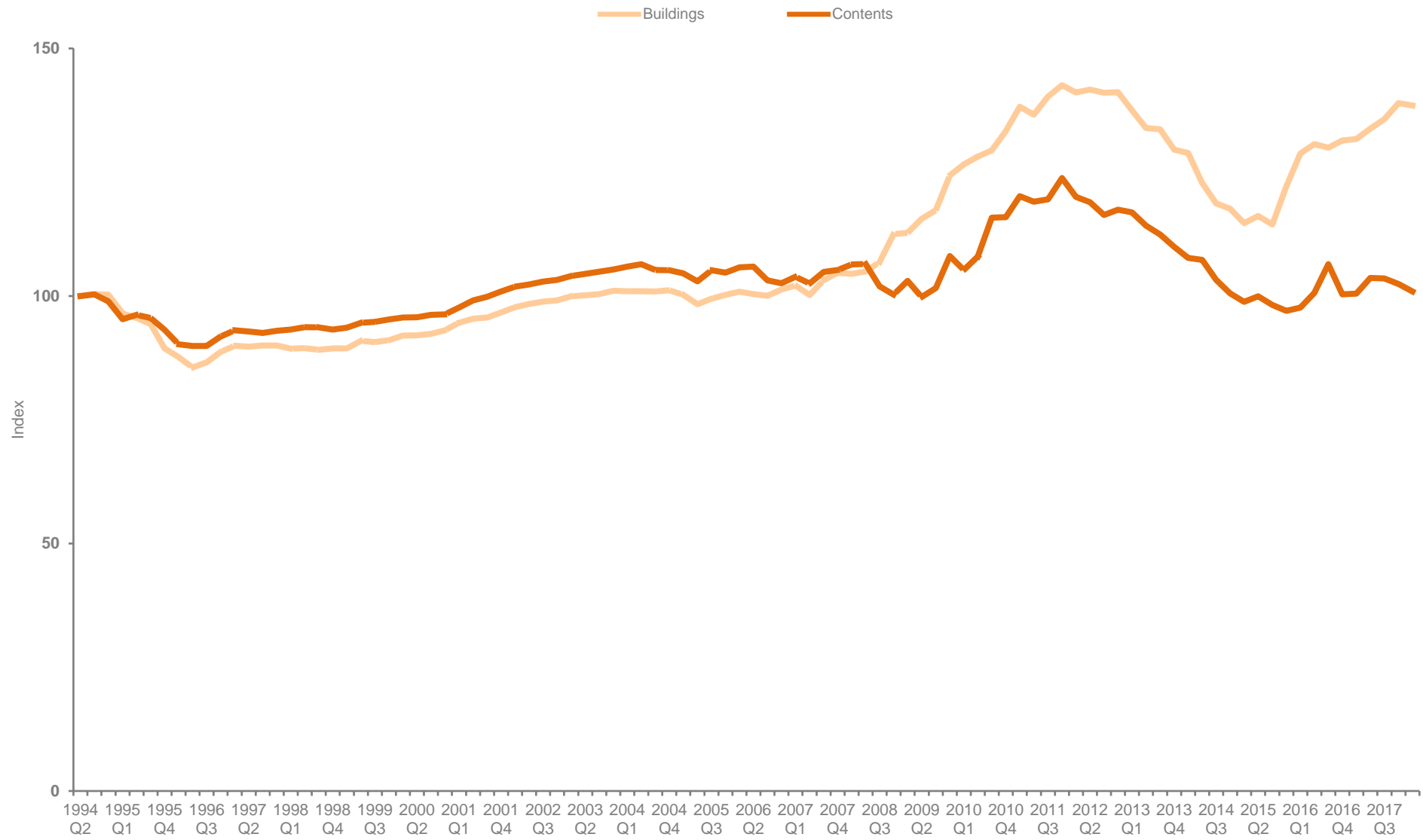
Contents insurance Shoparound premium trend (chart)

Buildings and contents insurance Shoparound premium trend (chart)

AA British Insurance Premium Index - Car Insurance Shoparound Trends

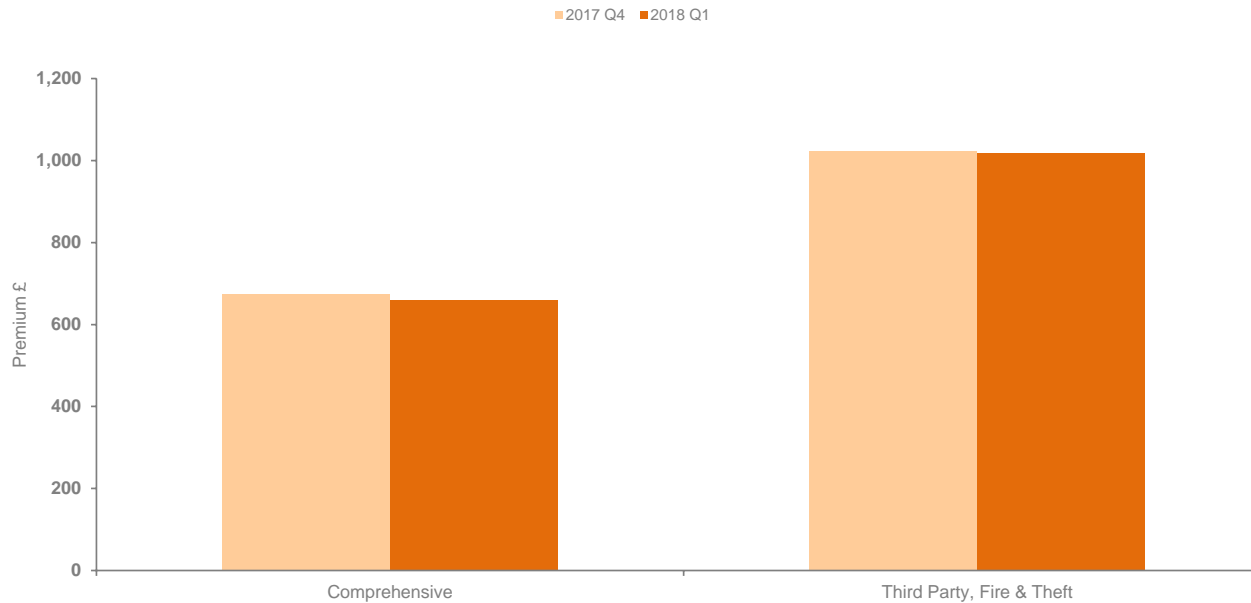


AA British Insurance Premium Index - Home Insurance Shoparound Trends



AA British Insurance Premium Index - Motor Shoparound Premium All Channels

	2017 Q4	2018 Q1
Comprehensive	£674.06	£660.64
Third Party, Fire & Theft	£1,022.87	£1,017.86



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 85 of the UK's leading insurers and home premiums across 55 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 Q4	2018 Q1	Change	2017 Q1	Change
Comprehensive	£674.06	£660.64	- 2.0%	£665.47	- 0.7%
Third Party, Fire & Theft	£1,022.87	£1,017.86	- 0.5%	£1,065.91	- 4.5%

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

AA BIPI - Motor Insurance Shoparound Movements

Summary by region - all channels

Region	Shoparound		Change
	2017 Q4	2018 Q1	
Anglia	£687.00	£671.79	- 2.2%
Border & TyneTees	£626.74	£622.95	- 0.6%
Central	£698.78	£674.14	- 3.5%
Granada	£926.05	£915.84	- 1.1%
London	£840.57	£817.61	- 2.7%
STV	£489.00	£477.46	- 2.4%
Meridian	£583.83	£578.76	- 0.9%
UTV	£839.46	£862.53	+ 2.7%
Wales	£631.29	£609.44	- 3.5%
West & West Country	£553.14	£541.07	- 2.2%
Yorkshire	£726.02	£718.12	- 1.1%

Summary by age - all channels

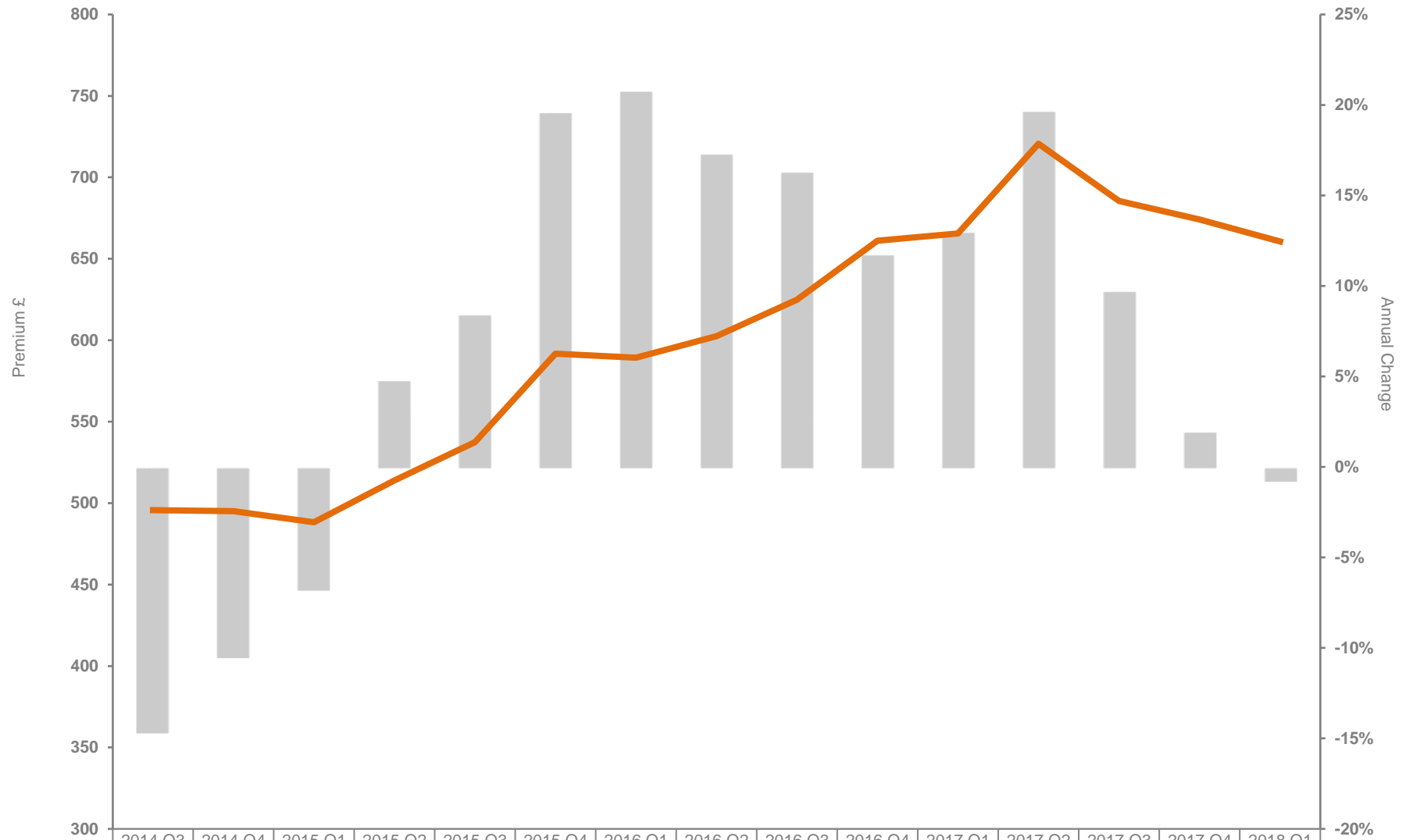
Age	Shoparound		Change
	2017 Q4	2018 Q1	
17-22	£1,624.13	£1,628.60	+ 0.3%
23-29	£874.21	£863.91	- 1.2%
30-39	£569.64	£551.27	- 3.2%
40-49	£535.88	£514.98	- 3.9%
50-59	£469.58	£455.89	- 2.9%
60-69	£412.04	£403.00	- 2.2%
70+	£571.39	£560.28	- 1.9%

Summary by age and gender - all channels

Female		Shoparound		Change
Age	2017 Q4	2018 Q1		
17-22	£1,478.64	£1,505.28		+ 1.8%
23-29	£802.78	£796.73		- 0.8%
30-39	£551.87	£538.54		- 2.4%
40-49	£509.89	£487.99		- 4.3%
50-59	£472.45	£460.78		- 2.5%
60-69	£405.86	£395.71		- 2.5%
70+	£530.74	£518.81		- 2.2%

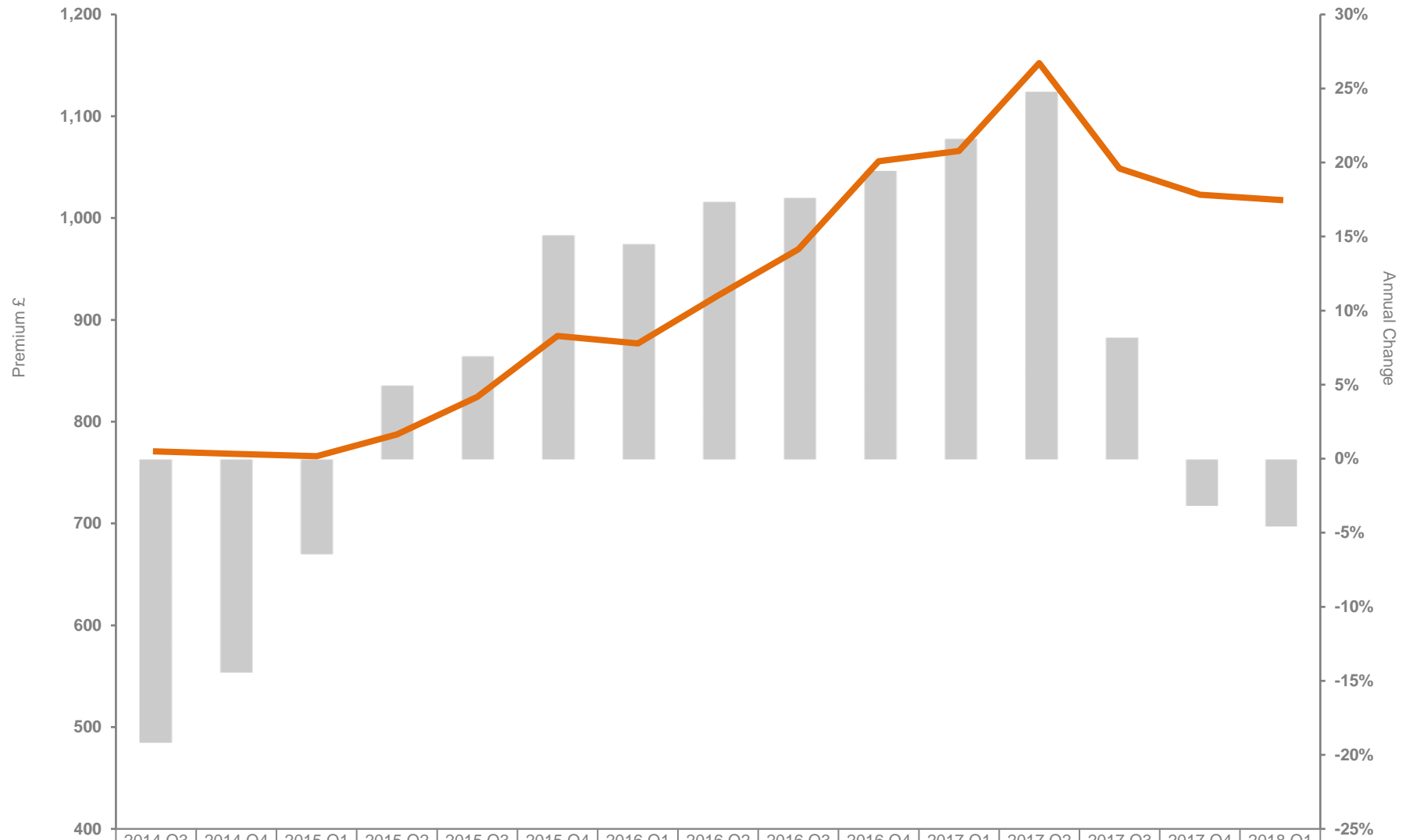
Male		Shoparound		Change
Age	2017 Q4	2018 Q1		
17-22	£1,782.51	£1,766.17		- 0.9%
23-29	£954.40	£939.46		- 1.6%
30-39	£585.60	£562.97		- 3.9%
40-49	£559.65	£539.68		- 3.6%
50-59	£466.30	£450.28		- 3.4%
60-69	£417.27	£409.21		- 1.9%
70+	£614.47	£604.30		- 1.7%

AA BIPI - Motor Comprehensive Shoparound Premium



Annual Change	-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%	-0.7%
Comp Premium	£495.75	£495.13	£488.25	£513.91	£537.45	£591.78	£589.23	£602.54	£624.84	£661.06	£665.47	£720.63	£685.42	£674.06	£660.64

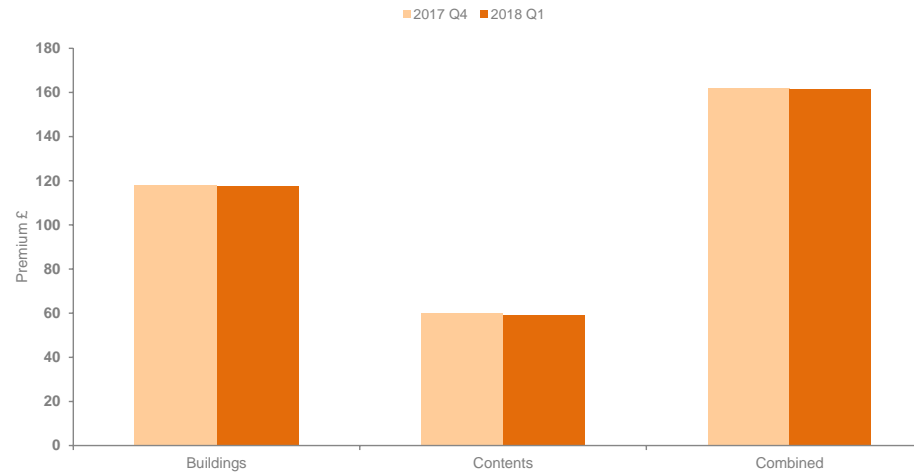
AA BIPI - Motor Third Party, Fire & Theft Shoparound Premium



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%	-4.5%
TPF&T Premium	£770.86	£768.37	£766.09	£787.57	£824.34	£884.21	£876.92	£923.95	£969.39	£1,055.8	£1,065.9	£1,152.2	£1,048.7	£1,022.8	£1,017.8

AA British Insurance Premium Index - Home Shoparound Premium All Channels

	2017 Q4	2018 Q1
Buildings	£117.89	£117.47
Contents	£60.11	£59.22
Combined	£162.17	£161.75



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 Q4	2018 Q1	Change	2017 Q1	Change
Buildings	£117.89	£117.47	- 0.4%	£111.73	+ 5.1%
Contents	£60.11	£59.22	- 1.5%	£58.97	+ 0.4%
Combined	£162.17	£161.75	- 0.3%	£154.39	+ 4.8%

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

AA BIPI - Home Insurance Shoparound Movements

Buildings summary by region - all channels

Region	Shoparound		Change
	2017 Q4	2018 Q1	
Border & TyneTees	£113.79	£113.49	- 0.3%
Central & Granada	£114.29	£113.47	- 0.7%
London & Meridian	£126.00	£126.39	+ 0.3%
STV	£114.78	£113.94	- 0.7%
Wales	£121.58	£122.27	+ 0.6%
West & West Country	£112.77	£111.17	- 1.4%
Yorkshire & Anglia	£113.99	£113.11	- 0.8%

Contents summary by region - all channels

Region	Shoparound		Change
	2017 Q4	2018 Q1	
Border & TyneTees	£55.69	£54.66	- 1.8%
Central & Granada	£61.77	£60.67	- 1.8%
London & Meridian	£61.98	£61.25	- 1.2%
STV	£54.34	£54.18	- 0.3%
Wales	£57.92	£56.98	- 1.6%
West & West Country	£56.28	£55.46	- 1.5%
Yorkshire & Anglia	£61.49	£60.33	- 1.9%

Combined summary by region - all channels

Region	Shoparound		Change
	2017 Q4	2018 Q1	
Border & TyneTees	£153.56	£152.09	- 1.0%
Central & Granada	£159.53	£158.55	- 0.6%
London & Meridian	£173.02	£173.88	+ 0.5%
STV	£155.90	£154.71	- 0.8%
Wales	£162.32	£162.33	+ 0.0%
West & West Country	£151.47	£150.39	- 0.7%
Yorkshire & Anglia	£159.13	£158.33	- 0.5%

AA BIPI - Home Insurance Shoparound Movements

Buildings summary by age - all channels

Age	Shoparound		Change
	2017 Q4	2018 Q1	
17-22	£121.87	£121.65	- 0.2%
23-29	£128.06	£127.49	- 0.4%
30-39	£120.66	£120.31	- 0.3%
40-49	£121.58	£121.55	- 0.0%
50-59	£116.01	£114.49	- 1.3%
60-69	£102.69	£101.99	- 0.7%
70+	£103.19	£103.34	+ 0.1%

Contents summary by age - all channels

Age	Shoparound		Change
	2017 Q4	2018 Q1	
17-22	£66.97	£65.78	- 1.8%
23-29	£67.09	£66.04	- 1.6%
30-39	£64.39	£63.39	- 1.6%
40-49	£61.52	£60.37	- 1.9%
50-59	£57.58	£56.73	- 1.5%
60-69	£50.03	£49.57	- 0.9%
70+	£47.60	£47.77	+ 0.3%

Combined summary by age - all channels

Age	Shoparound		Change
	2017 Q4	2018 Q1	
17-22	£172.41	£171.38	- 0.6%
23-29	£180.81	£180.16	- 0.4%
30-39	£169.41	£169.77	+ 0.2%
40-49	£165.89	£165.15	- 0.4%
50-59	£158.02	£157.18	- 0.5%
60-69	£139.78	£138.66	- 0.8%
70+	£136.15	£136.09	- 0.0%

AA BIPI - Home Insurance Shoparound Movements

Buildings summary by property - all channels

Property type	Shoparound		Change
	2017 Q4	2018 Q1	
Bungalow	£111.51	£110.19	- 1.2%
Detached	£136.05	£136.58	+ 0.4%
End Terraced	£107.02	£107.04	+ 0.0%
Flat	£122.72	£124.41	+ 1.4%
Semi Detached	£106.48	£105.61	- 0.8%
Terraced	£114.03	£112.94	- 1.0%

Contents summary by property - all channels

Property type	Shoparound		Change
	2017 Q4	2018 Q1	
Bungalow	£55.54	£54.83	- 1.3%
Detached	£62.58	£62.01	- 0.9%
End Terraced	£62.41	£61.39	- 1.6%
Flat	£62.06	£61.61	- 0.7%
Semi Detached	£57.69	£56.57	- 1.9%
Terraced	£62.05	£60.91	- 1.8%

Combined summary by property - all channels

Property type	Shoparound		Change
	2017 Q4	2018 Q1	
Bungalow	£151.05	£150.12	- 0.6%
Detached	£182.09	£181.85	- 0.1%
End Terraced	£157.21	£156.30	- 0.6%
Flat	£178.74	£181.06	+ 1.3%
Semi Detached	£146.83	£146.27	- 0.4%
Terraced	£161.03	£160.33	- 0.4%

AA BIPI - Home Insurance Shoparound Movements

Buildings summary by year built - all channels

Year built	Shoparound		Change
	2017 Q4	2018 Q1	
<1920	£142.89	£143.16	+ 0.2%
1920-1945	£119.76	£119.30	- 0.4%
1946-1979	£106.79	£106.13	- 0.6%
1980-1999	£101.25	£100.19	- 1.1%
2000+	£92.25	£92.75	+ 0.5%

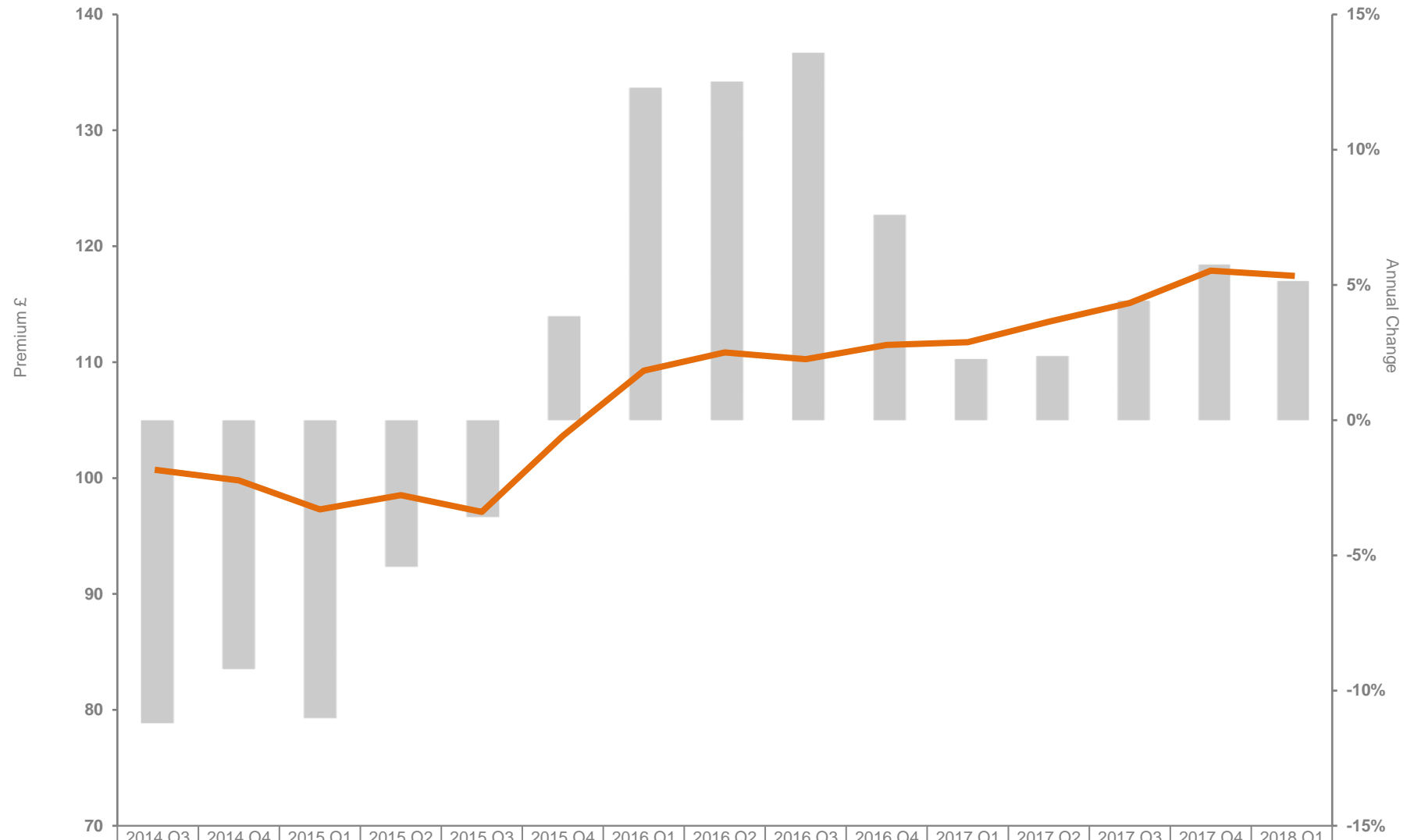
Contents summary by year built - all channels

Year built	Shoparound		Change
	2017 Q4	2018 Q1	
<1920	£66.23	£65.56	- 1.0%
1920-1945	£63.03	£61.57	- 2.3%
1946-1979	£56.10	£55.29	- 1.4%
1980-1999	£56.07	£55.39	- 1.2%
2000+	£55.05	£53.97	- 2.0%

Combined summary by year built - all channels

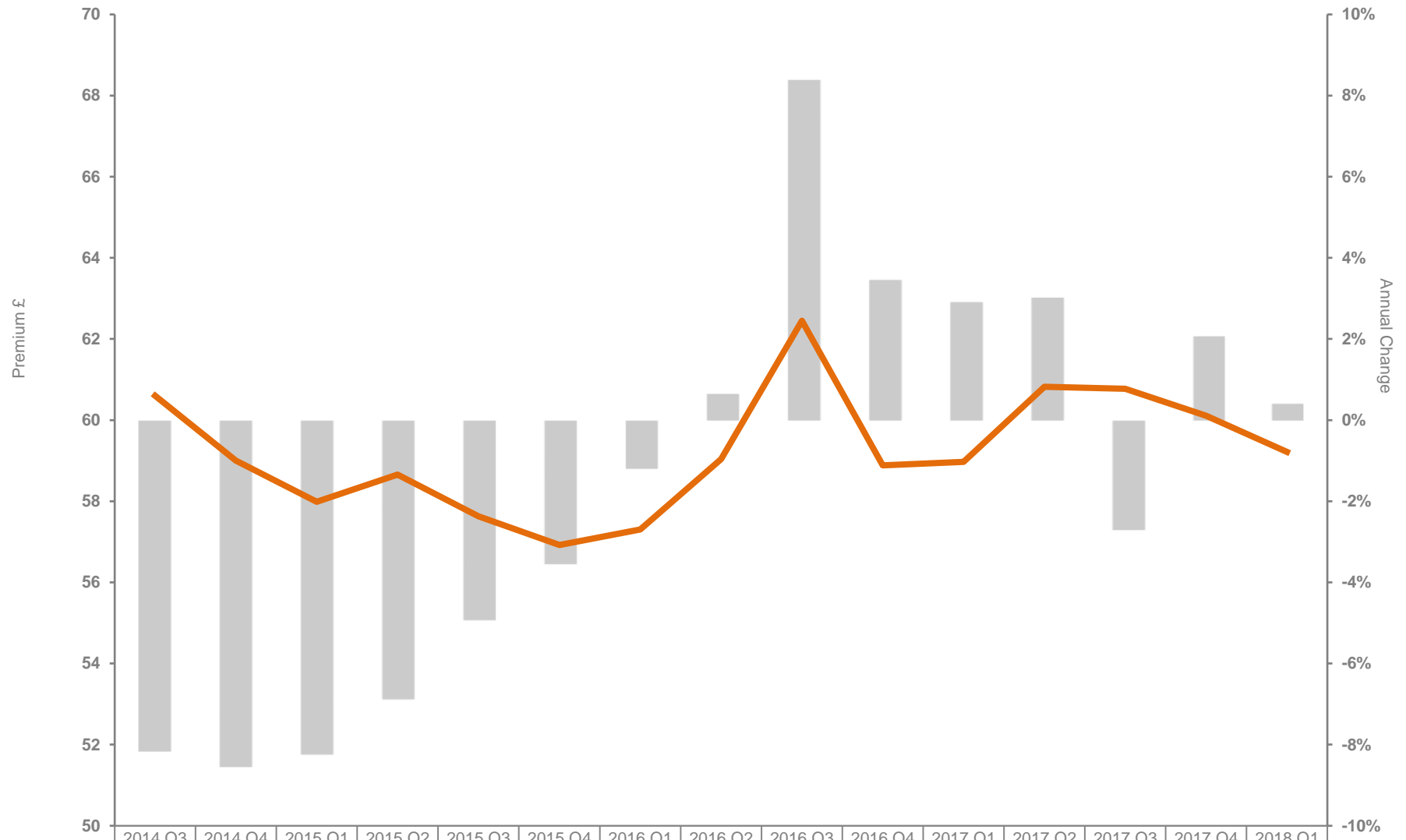
Year built	Shoparound		Change
	2017 Q4	2018 Q1	
<1920	£193.46	£193.32	- 0.1%
1920-1945	£166.07	£165.20	- 0.5%
1946-1979	£147.53	£147.38	- 0.1%
1980-1999	£141.24	£139.98	- 0.9%
2000+	£131.58	£134.25	+ 2.0%

AA BIPI - Home Buildings Shoparound Premium



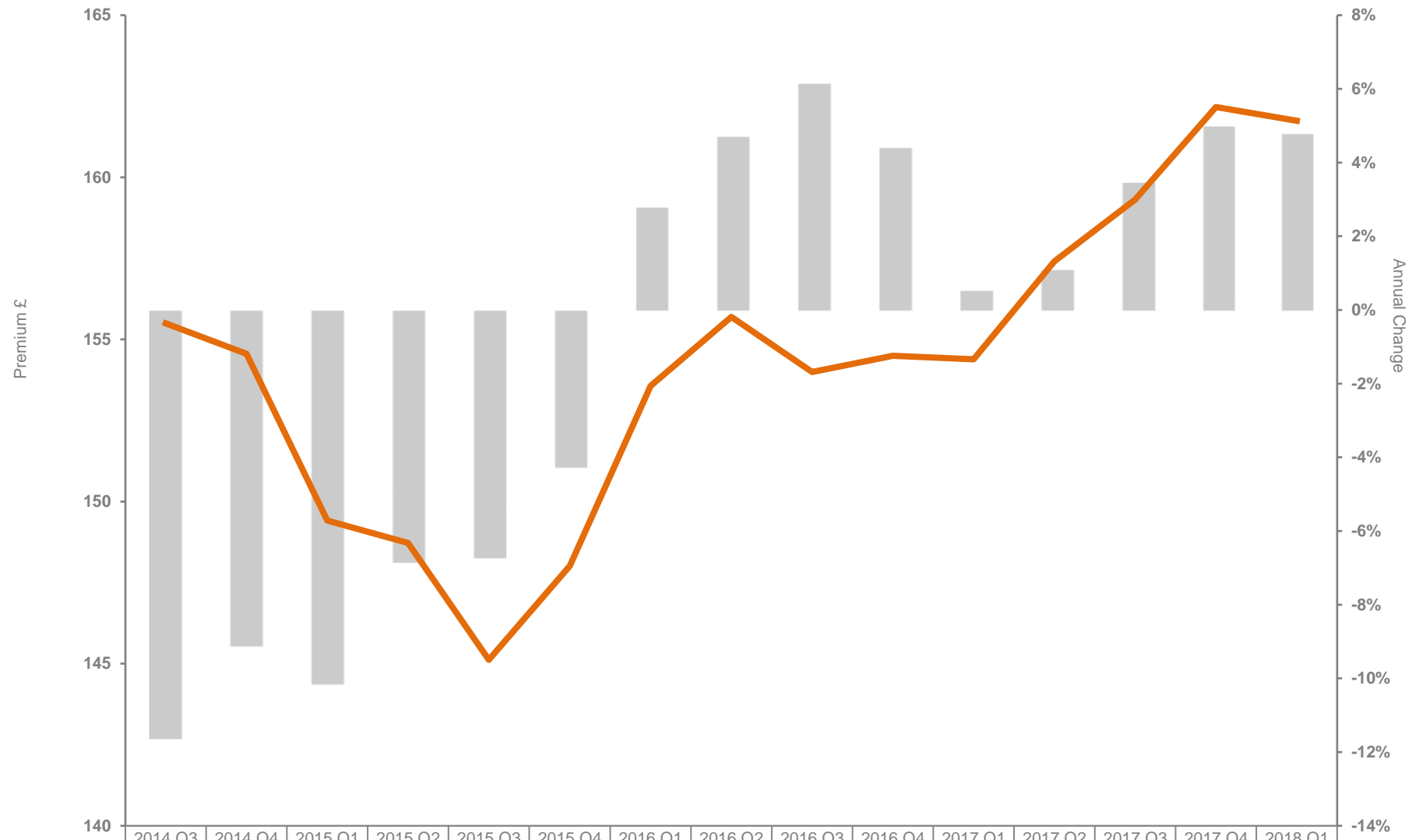
Annual Change	-11.2%	-9.2%	-11.0%	-5.4%	-3.6%	3.8%	12.3%	12.5%	13.6%	7.6%	2.3%	2.4%	4.4%	5.7%	5.1%
Buildings Premium	£100.68	£99.79	£97.31	£98.53	£97.08	£103.63	£109.26	£110.85	£110.25	£111.48	£111.73	£113.48	£115.12	£117.89	£117.47

AA BIPI - Home Contents Shoparound Premium



Annual Change	-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%	0.4%
Contents Premium	£60.60	£59.00	£57.99	£58.66	£57.63	£56.92	£57.30	£59.04	£62.45	£58.89	£58.97	£60.82	£60.77	£60.11	£59.22

AA BIPI - Home Combined Shoparound Premium



Annual Change	-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%	4.8%
Combined Premium	£155.50	£154.56	£149.42	£148.72	£145.12	£148.01	£153.57	£155.70	£153.99	£154.50	£154.39	£157.41	£159.31	£162.17	£161.75

AA BRITISH INSURANCE PREMIUM INDEX - 2018 Q1

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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