



### AA British Insurance Premium Index – 2018 quarter 4

19 January 2019

The AA British Insurance Premium Index (Index) has been tracking the quarterly movement of car and home insurance since 1994. It measures the 5 cheapest quotes for each 'customer' to provide an average or Shoparound index.

<b>Car insurance premiums</b>	<b>2</b>
<b>Home insurance premiums</b>	<b>5</b>
<b>Index car insurance trends since 1994</b>	<b>7</b>
<b>Index home insurance trends since 1994</b>	<b>8</b>

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### Car insurance premiums – 2018 quarter 4

#### Final AA BIPI shows 2.7% quarter rise on premiums

The cost of comprehensive insurance has been on a steady downward trend since the record high of £690 recorded by the Index at the end of the second quarter of 2017. But the latest report is showing an increase.

The Shoparound premium for an annual comprehensive car insurance policy now stands at £609.93, an increase of 2.7% over the quarter, but down 5.9% over 12 months.<sup>1</sup>

Falling premiums had been attributed to the prospect of the Civil Liability Act, which was finally signed into law on 20 December 2018. But that impetus has gone given the Act will not take effect until April 2020.<sup>2</sup>

Janet Connor, AA director of [AA Insurance](#), says: "This is the first spike in car insurance premiums since the beginning of 2017.

"Although the Civil Liability Act has passed into law, delaying the new provisions until April 2020 has meant that recent premium reductions in expectation of claims cost savings along with the upward adjustment of the discount rate were premature. In addition, insurers are under pressure from increasing costs of crash repairs due to the growing complexity of modern cars, contributing to the new upturn in premiums.

"Underlying all of this, of course, are concerns surrounding Brexit. Regardless of what the final deal looks like, the market has continued to battle with the value of sterling. This has led to the rising cost of imported car parts to the motor repair industry, which ultimately finds its way to the premiums we pay."

Connor also points out that younger drivers are feeling the pinch more than any other age group, as their premiums are on average well over £1,000 a year (£1,316.62).

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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.

<sup>2</sup> [Civil Liability Act 2018](#).



She says: "Young and newly qualified drivers face a significant penalty when it comes to insurance pricing, not least because they haven't yet built up a no claim discount. So it's no surprise that some take the risk of driving without insurance.

"The MIB [Motor Insurers' Bureau] issues some 3,000 insurance advisory letters to uninsured drivers every day, warning them they could receive a penalty from the DVLA. The cost of collisions involving uninsured drivers is met by the MIB, which in turn is funded by the insurance industry.

"We have long called for new drivers to be exempt from paying Insurance Premium Tax [IPT] if they use telematics or black box insurance, and it's about time the government acted.

"A telematics device tracks driver behaviour and premiums reflect the driving standard of each individual. Moreover, the number of claims made by those with a telematics device in their car is up to a third less than those without.

"Not only would a cut in IPT for young drivers using telematics insurance discourage uninsured driving, it would also improve road safety for everyone."

### Shoparound premium summary

	2018 Q3	2018 Q4	Change	2017 Q4	Change
<b>Comprehensive</b>	£593.65	£609.93	+2.7%	£648.29	-5.9%
<b>Third Party, Fire &amp; Theft</b>	£846.32	£870.59	+2.9%	£931.85	-6.6%

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 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)



### Home insurance premiums – 2018 quarter 4

#### Premiums slightly up due to increased subsidence claims

The story of increasing premiums for car insurance is also seen in home insurance. The Shoparound quotes for buildings cover and contents cover have risen over the past quarter, as has the cost of a typical combined policy.<sup>3</sup>

- Average buildings premium increased by 0.2% (or £0.24) to £119.22; up by 0.7% over 12 months.
- Average contents premium increased by 0.8% (or £0.46) to £59.77; down by 0.7% over 12 months.

A typical combined buildings and contents policy quote is now £163.38, an increase of 0.9% over the fourth quarter of 2018, and a slight increase of 0.4% over 12 months.

Janet Connor, AA director of [AA Insurance](#), says: "Despite the minimal rises in home insurance when compared to the last quarter, insuring a home is still incredible value for money.

"Although there is growing evidence of climate change with the likelihood of weather extremes in the UK, the home insurance market remains highly competitive for consumers.

"From a buildings cover perspective, last year's long hot summer led to a 300% increase in subsidence claims, the sharpest spike since 2006. Subsidence costs the industry around £3bn every decade, with the average claim an eye-watering £13,000, and some of this appears to have found its way to premiums.

"Meanwhile, considering the number of gadgets, smart technology and high value goods in our homes, it's astounding that contents premiums have remained relatively steady. However, this may be due to improving home security. The fact they're at similar levels to the Shoparound quote back in 1994 shows that insurers are keen to offer great deals to prospective customers."

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<sup>3</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.



### Shoparound premium summary

	2018 Q3	2018 Q4	Change	2017 Q4	Change
<b>Buildings</b>	£118.98	£119.22	+0.2%	£118.40	+0.7%
<b>Contents</b>	£59.31	£59.77	+0.8%	£60.22	-0.7%
<b>Combined</b>	£161.90	£163.38	+0.9%	£162.73	+0.4%

Based on GFK channel preference and arrangement data.

### Home insurance premiums – summary tables and charts 2018 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)

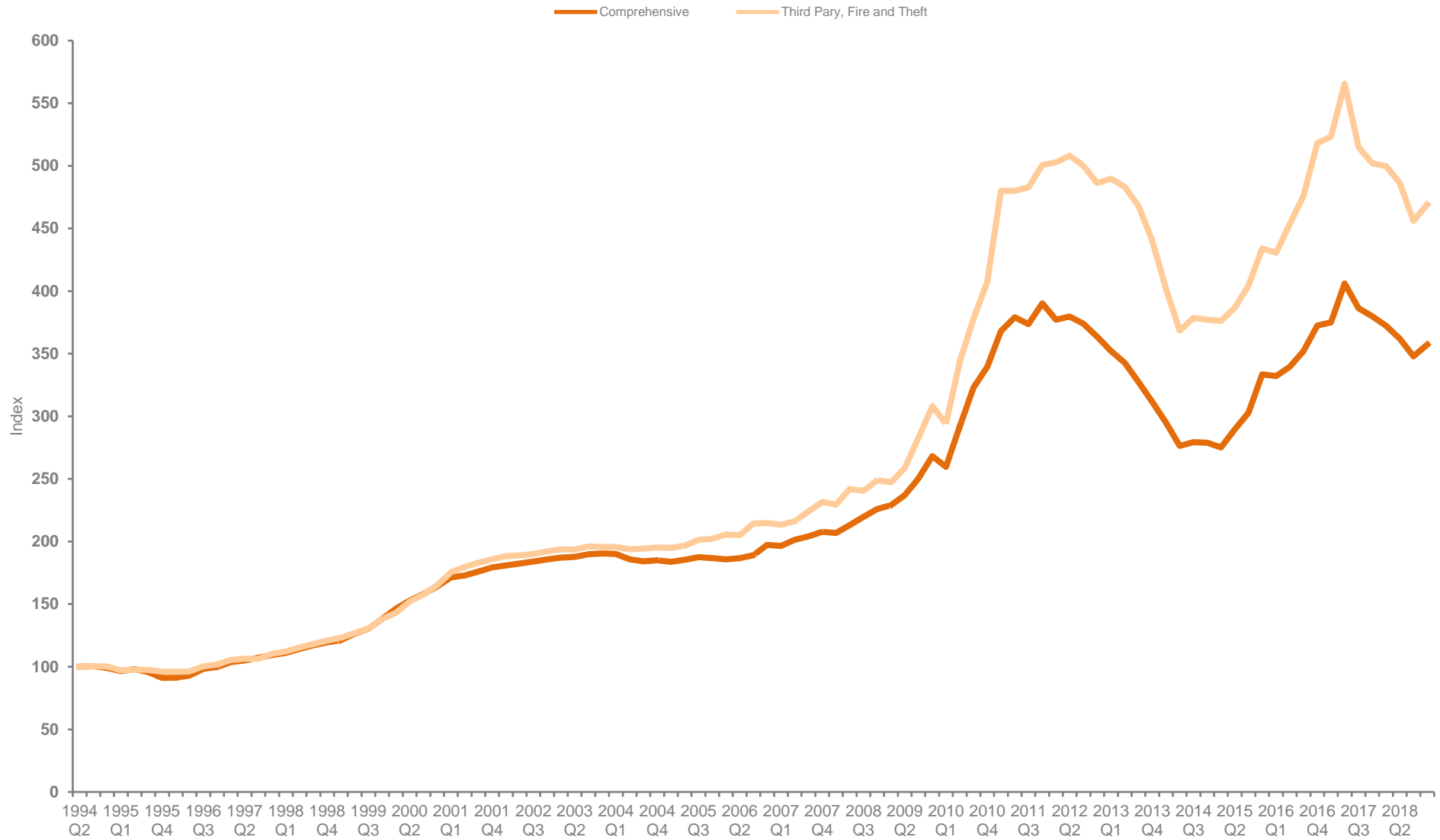
Home insurance Shoparound premium movements – year built (tables)

Buildings insurance Shoparound premium trend (chart)

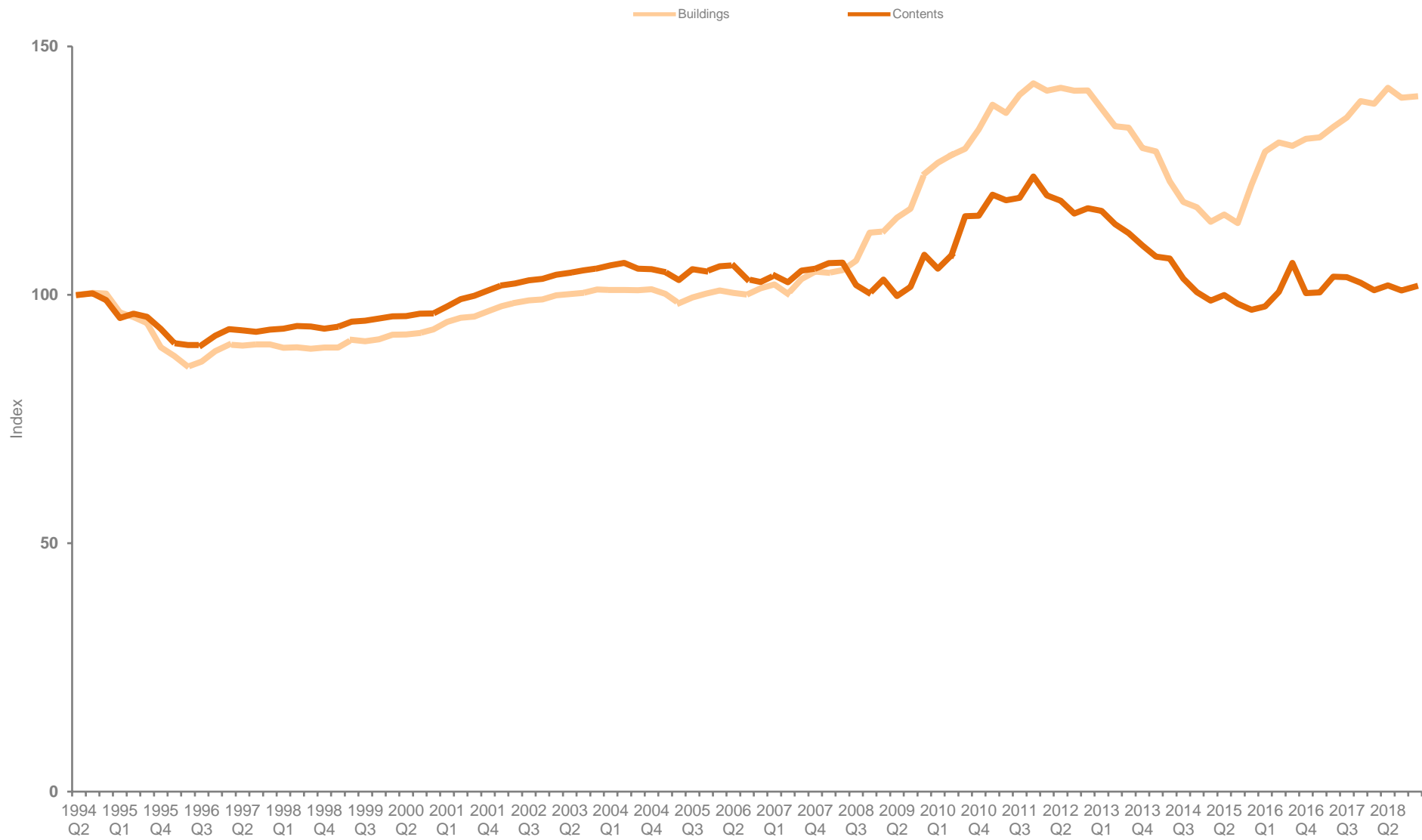
Contents insurance Shoparound premium trend (chart)

Buildings and contents insurance Shoparound premium trend (chart)

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



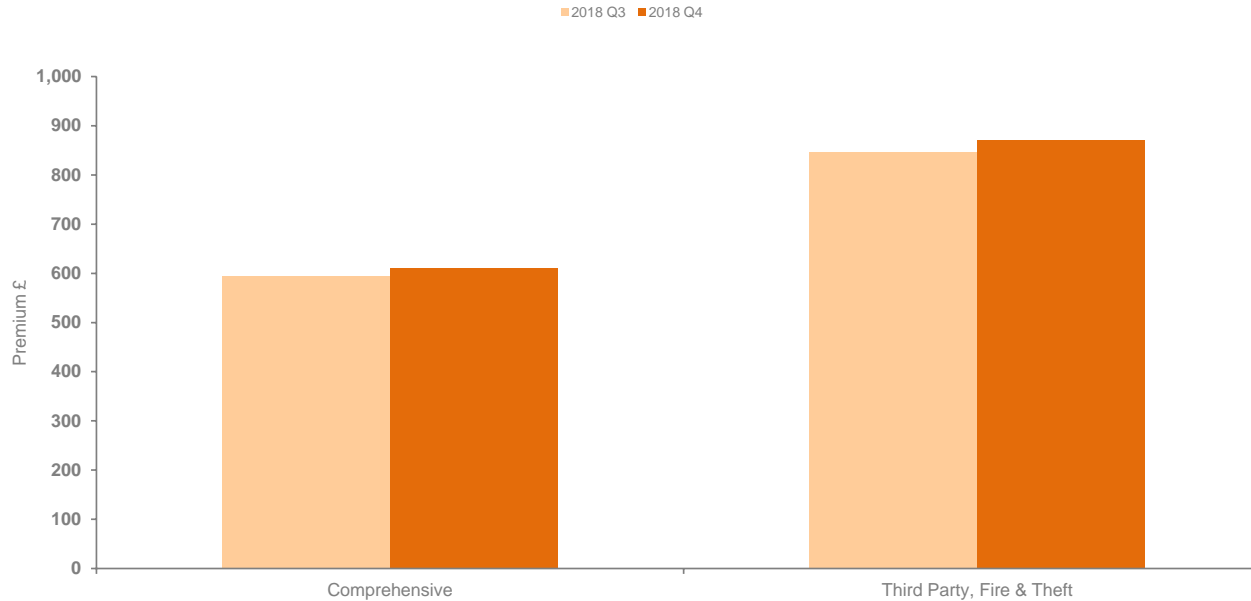
## AA British Insurance Premium Index - Home Insurance Shoparound Trends





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

	2018 Q3	2018 Q4
Comprehensive	£593.65	£609.93
Third Party, Fire & Theft	£846.32	£870.59



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 59 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

	2018 Q3	2018 Q4	Change	2017 Q4	Change
Comprehensive	£593.65	£609.93	+ 2.7%	£648.29	- 5.9%
Third Party, Fire & Theft	£846.32	£870.59	+ 2.9%	£931.85	- 6.6%

## AA BIPI - Motor Insurance Shoparound Movements

### Summary by region - all channels

Region	Shoparound		Change
	2018 Q3	2018 Q4	
Anglia	£600.20	£614.88	+ 2.4%
Border & TyneTees	£542.39	£561.32	+ 3.5%
Central	£607.79	£623.07	+ 2.5%
Granada	£827.92	£844.39	+ 2.0%
London	£732.71	£754.22	+ 2.9%
Scotland	£447.06	£462.39	+ 3.4%
South	£517.78	£539.13	+ 4.1%
UTV	£729.45	£717.60	- 1.6%
Wales	£549.59	£563.56	+ 2.5%
West & West Country	£465.40	£474.84	+ 2.0%
Yorkshire	£650.17	£678.99	+ 4.4%

### Summary by age - all channels

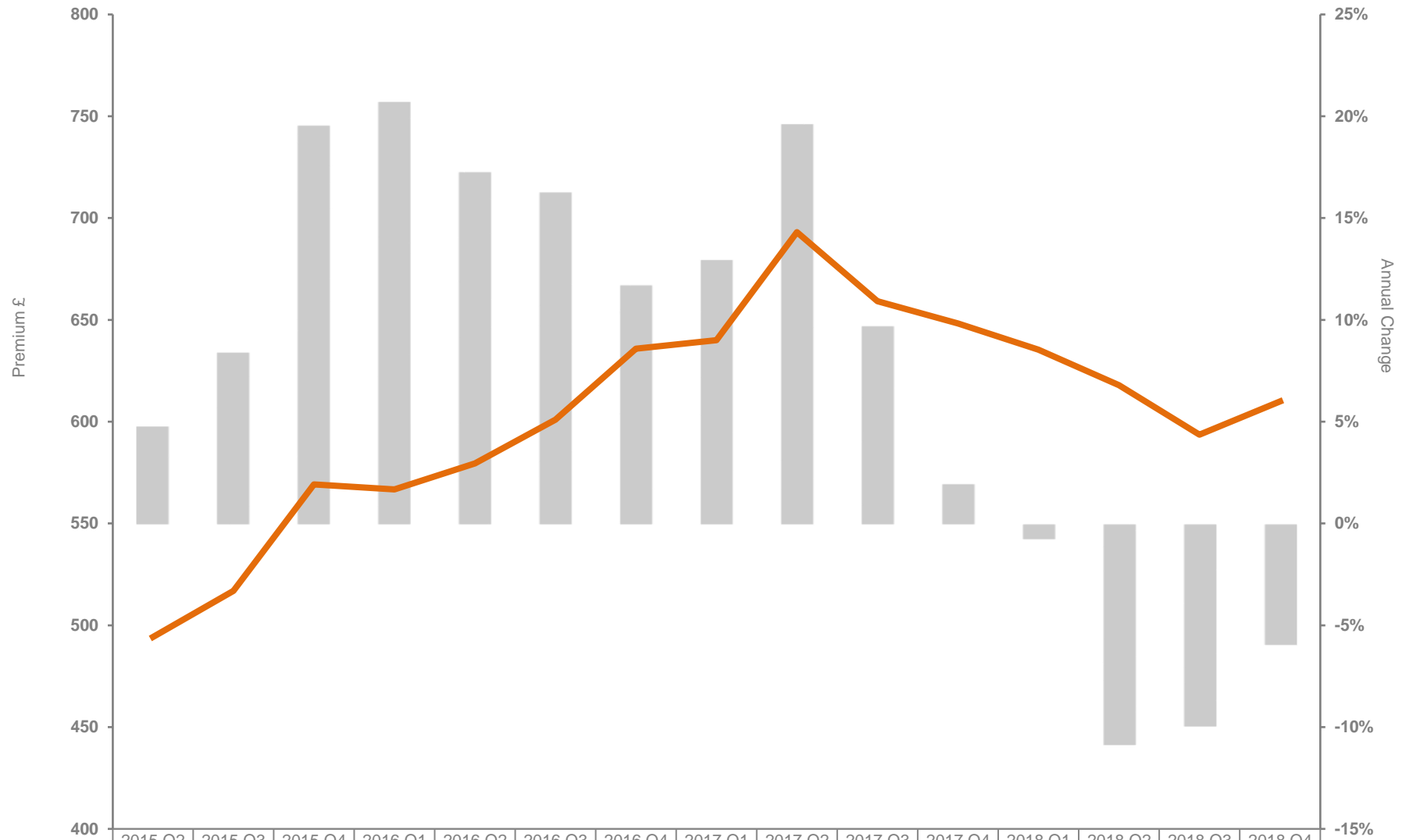
Age	Shoparound		Change
	2018 Q3	2018 Q4	
17-22	£1,289.80	£1,316.62	+ 2.1%
23-29	£771.70	£780.98	+ 1.2%
30-39	£504.64	£509.17	+ 0.9%
40-49	£467.00	£487.45	+ 4.4%
50-59	£414.19	£435.22	+ 5.1%
60-69	£364.55	£384.42	+ 5.4%
70+	£520.11	£539.83	+ 3.8%

### Summary by age and gender - all channels

Female		Shoparound		Change
Age	2018 Q3	2018 Q4		
17-22	£1,184.38	£1,207.12		+ 1.9%
23-29	£709.58	£721.10		+ 1.6%
30-39	£488.23	£488.53		+ 0.1%
40-49	£458.39	£477.37		+ 4.1%
50-59	£411.59	£427.98		+ 4.0%
60-69	£366.07	£385.38		+ 5.3%
70+	£481.90	£502.97		+ 4.4%

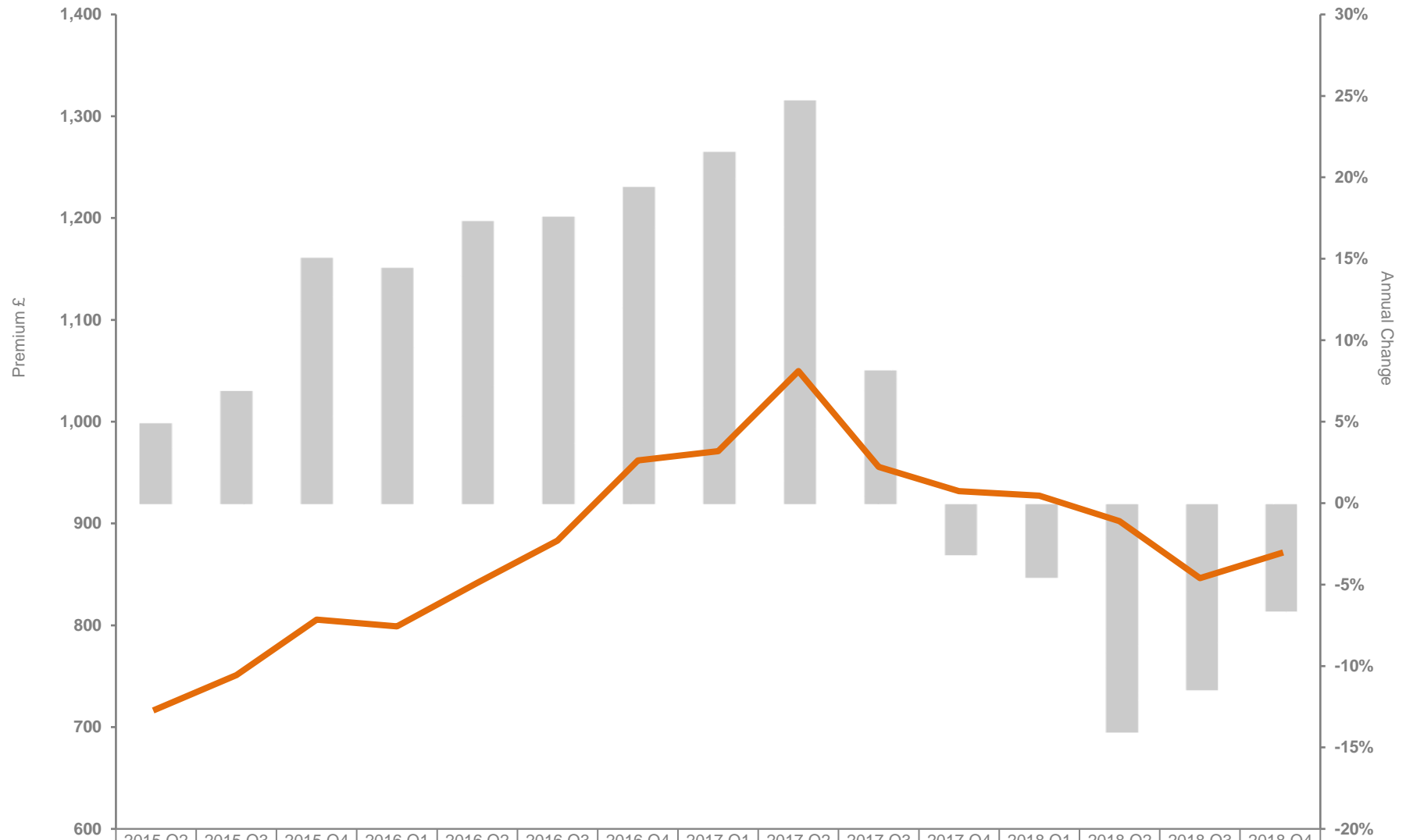
Male		Shoparound		Change
Age	2018 Q3	2018 Q4		
17-22	£1,395.85	£1,426.18		+ 2.2%
23-29	£838.97	£845.88		+ 0.8%
30-39	£520.68	£529.25		+ 1.6%
40-49	£474.64	£496.60		+ 4.6%
50-59	£417.33	£443.57		+ 6.3%
60-69	£363.33	£383.67		+ 5.6%
70+	£563.01	£581.03		+ 3.2%

### 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%	-5.9%
Comp premium	£494.26	£516.90	£569.16	£566.70	£579.51	£600.95	£635.79	£640.03	£693.08	£659.22	£648.29	£635.38	£617.92	£593.65	£609.93

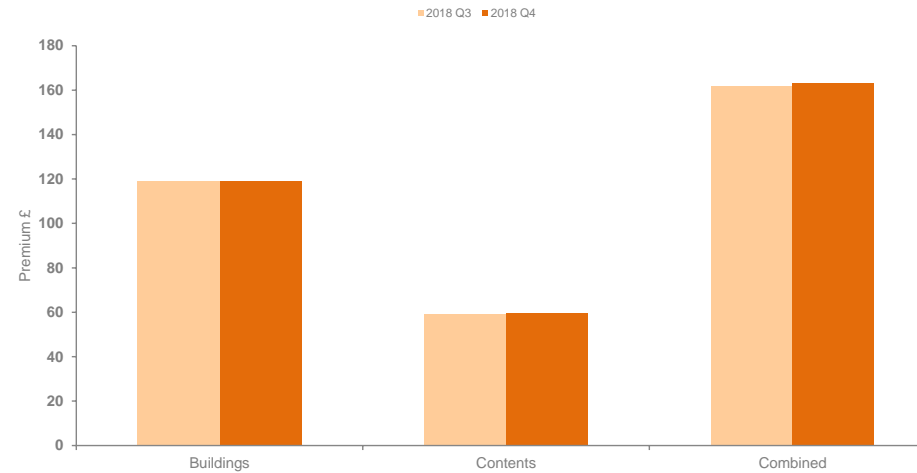
### AA BIPI - Motor Third Party, Fire & Theft Shoparound Premium



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%	-6.6%
TPFT Premium	£717.49	£750.99	£805.53	£798.88	£841.73	£883.12	£961.92	£971.06	£1,049.6	£955.44	£931.85	£927.29	£902.40	£846.32	£870.59

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

	2018 Q3	2018 Q4
<b>Buildings</b>	£118.98	£119.22
<b>Contents</b>	£59.31	£59.77
<b>Combined</b>	£161.90	£163.38



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

	2018 Q3	2018 Q4	Change	2017 Q4	Change
<b>Buildings</b>	£118.98	£119.22	+ 0.2%	£118.40	+ 0.7%
<b>Contents</b>	£59.31	£59.77	+ 0.8%	£60.22	- 0.7%
<b>Combined</b>	£161.90	£163.38	+ 0.9%	£162.73	+ 0.4%

## AA BIPI - Home Insurance Shoparound Movements

### Buildings summary by region - all channels

Region	Shoparound		Change
	2018 Q3	2018 Q4	
Border & TyneTees	£113.52	£113.72	+ 0.2%
Central & Granada	£113.85	£113.75	- 0.1%
London & South	£128.92	£129.34	+ 0.3%
Scotland	£116.20	£117.42	+ 1.0%
Wales	£123.14	£122.82	- 0.3%
West & West Country	£112.02	£112.01	- 0.0%
Yorkshire & Anglia	£115.06	£115.28	+ 0.2%

### Contents summary by region - all channels

Region	Shoparound		Change
	2018 Q3	2018 Q4	
Border & TyneTees	£54.88	£55.28	+ 0.7%
Central & Granada	£60.73	£61.28	+ 0.9%
London & South	£61.89	£62.23	+ 0.5%
Scotland	£54.32	£54.54	+ 0.4%
Wales	£57.62	£58.35	+ 1.3%
West & West Country	£55.43	£55.87	+ 0.8%
Yorkshire & Anglia	£59.59	£60.18	+ 1.0%

### Combined summary by region - all channels

Region	Shoparound		Change
	2018 Q3	2018 Q4	
Border & TyneTees	£151.30	£152.37	+ 0.7%
Central & Granada	£158.71	£159.83	+ 0.7%
London & South	£175.69	£177.95	+ 1.3%
Scotland	£155.14	£156.20	+ 0.7%
Wales	£160.31	£163.38	+ 1.9%
West & West Country	£148.88	£150.96	+ 1.4%
Yorkshire & Anglia	£157.45	£157.95	+ 0.3%



## AA BIPI - Home Insurance Shoparound Movements

### Buildings summary by age - all channels

Age	Shoparound		Change
	2018 Q3	2018 Q4	
17-22	£116.76	£115.80	- 0.8%
23-29	£131.66	£132.42	+ 0.6%
30-39	£122.74	£123.23	+ 0.4%
40-49	£122.07	£122.39	+ 0.3%
50-59	£116.32	£116.23	- 0.1%
60-69	£103.27	£103.36	+ 0.1%
70+	£105.02	£104.94	- 0.1%

### Contents summary by age - all channels

Age	Shoparound		Change
	2018 Q3	2018 Q4	
17-22	£65.19	£65.53	+ 0.5%
23-29	£65.50	£65.47	- 0.0%
30-39	£62.83	£62.93	+ 0.2%
40-49	£60.75	£61.21	+ 0.8%
50-59	£57.26	£57.67	+ 0.7%
60-69	£50.33	£51.65	+ 2.6%
70+	£48.39	£49.59	+ 2.5%

### Combined summary by age - all channels

Age	Shoparound		Change
	2018 Q3	2018 Q4	
17-22	£165.72	£166.54	+ 0.5%
23-29	£179.88	£182.04	+ 1.2%
30-39	£169.71	£171.89	+ 1.3%
40-49	£164.91	£166.25	+ 0.8%
50-59	£157.97	£159.17	+ 0.8%
60-69	£139.26	£139.46	+ 0.1%
70+	£138.21	£139.23	+ 0.7%

## AA BIPI - Home Insurance Shoparound Movements

### Buildings summary by property - all channels

Property type	Shoparound		Change
	2018 Q3	2018 Q4	
Bungalow	£111.21	£111.57	+ 0.3%
Detached	£137.33	£137.63	+ 0.2%
End Terraced	£111.21	£109.85	- 1.2%
Flat	£137.28	£139.53	+ 1.6%
Semi Detached	£106.21	£106.59	+ 0.4%
Terraced	£114.23	£113.97	- 0.2%

### Contents summary by property - all channels

Property type	Shoparound		Change
	2018 Q3	2018 Q4	
Bungalow	£54.76	£55.11	+ 0.6%
Detached	£62.18	£62.87	+ 1.1%
End Terraced	£60.91	£60.99	+ 0.1%
Flat	£61.27	£61.39	+ 0.2%
Semi Detached	£57.24	£57.80	+ 1.0%
Terraced	£60.29	£60.47	+ 0.3%

### Combined summary by property - all channels

Property type	Shoparound		Change
	2018 Q3	2018 Q4	
Bungalow	£148.80	£149.84	+ 0.7%
Detached	£179.81	£182.12	+ 1.3%
End Terraced	£157.82	£160.24	+ 1.5%
Flat	£188.23	£190.07	+ 1.0%
Semi Detached	£148.27	£149.96	+ 1.1%
Terraced	£159.72	£159.81	+ 0.1%

## AA BIPI - Home Insurance Shoparound Movements

### Buildings summary by year built - all channels

Year built	Shoparound		Change
	2018 Q3	2018 Q4	
<1920	£143.00	£142.99	- 0.0%
1920-1945	£121.16	£121.25	+ 0.1%
1946-1979	£107.93	£108.23	+ 0.3%
1980-1999	£103.75	£104.51	+ 0.7%
2000+	£93.99	£93.72	- 0.3%

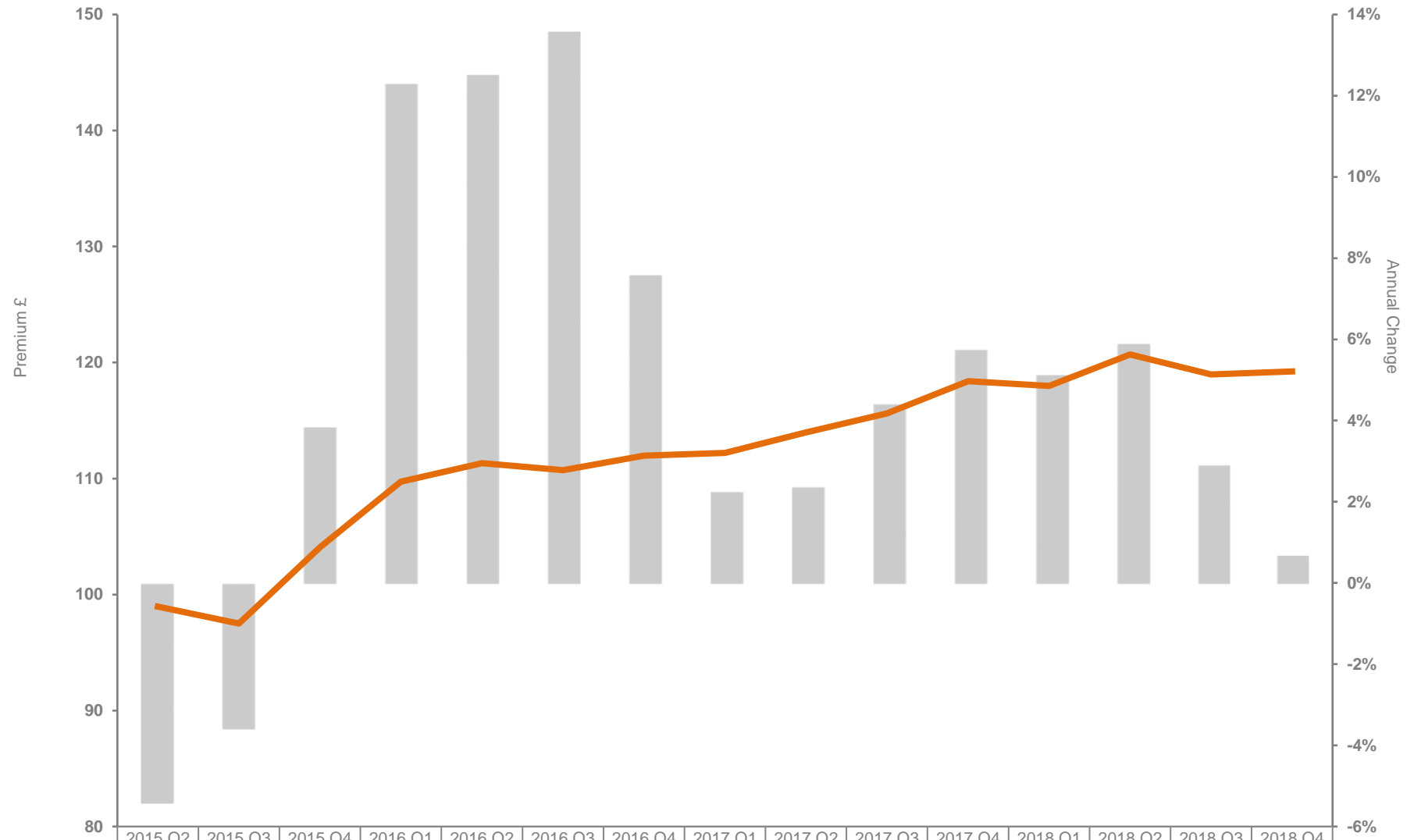
### Contents summary by year built - all channels

Year built	Shoparound		Change
	2018 Q3	2018 Q4	
<1920	£65.09	£65.61	+ 0.8%
1920-1945	£61.80	£62.17	+ 0.6%
1946-1979	£55.88	£56.41	+ 0.9%
1980-1999	£54.96	£55.28	+ 0.6%
2000+	£54.33	£53.75	- 1.1%

### Combined summary by year built - all channels

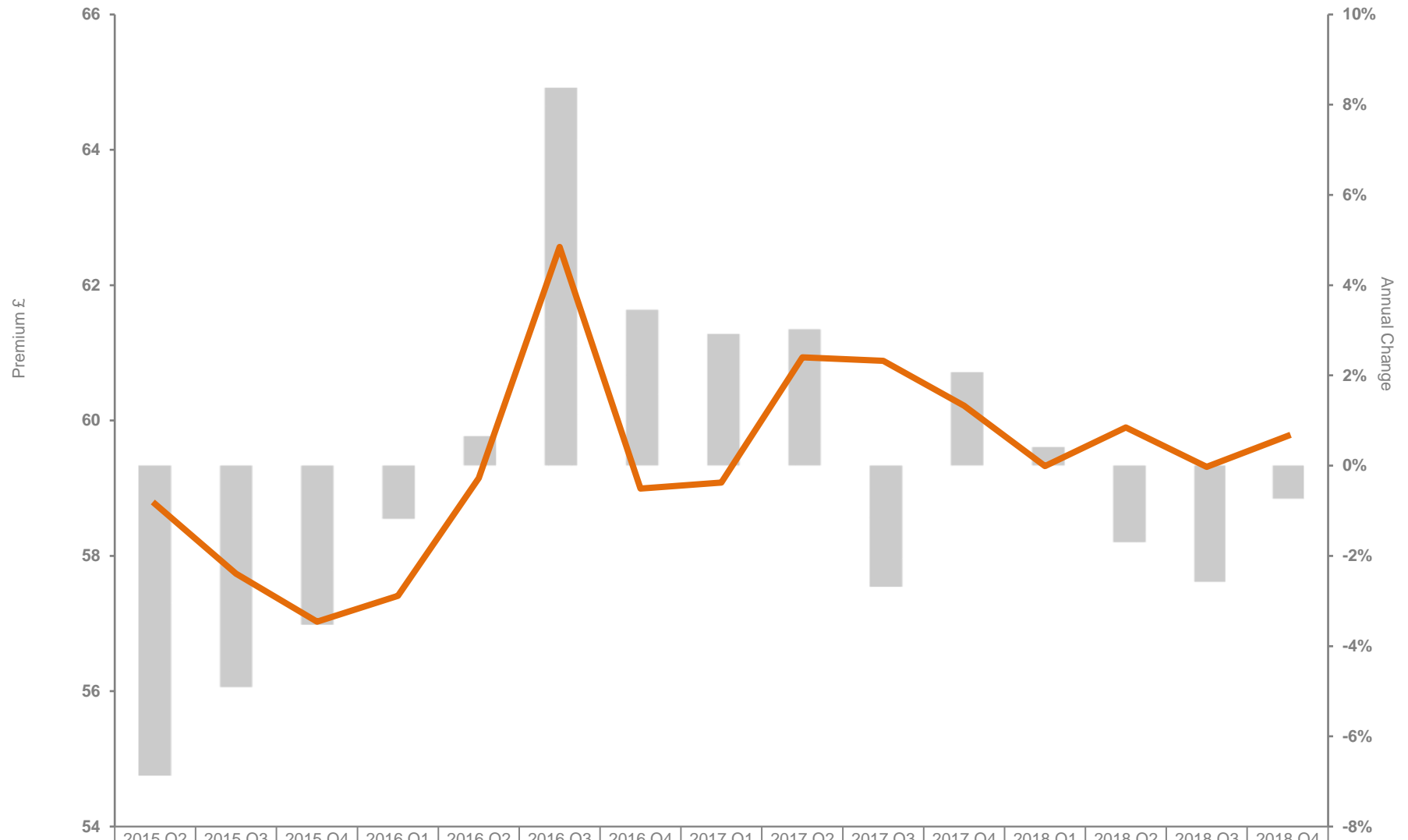
Year built	Shoparound		Change
	2018 Q3	2018 Q4	
<1920	£191.05	£192.94	+ 1.0%
1920-1945	£165.64	£167.71	+ 1.2%
1946-1979	£148.72	£149.81	+ 0.7%
1980-1999	£140.95	£141.94	+ 0.7%
2000+	£132.49	£133.68	+ 0.9%

### AA BIPI - Home Buildings Shoparound Premium



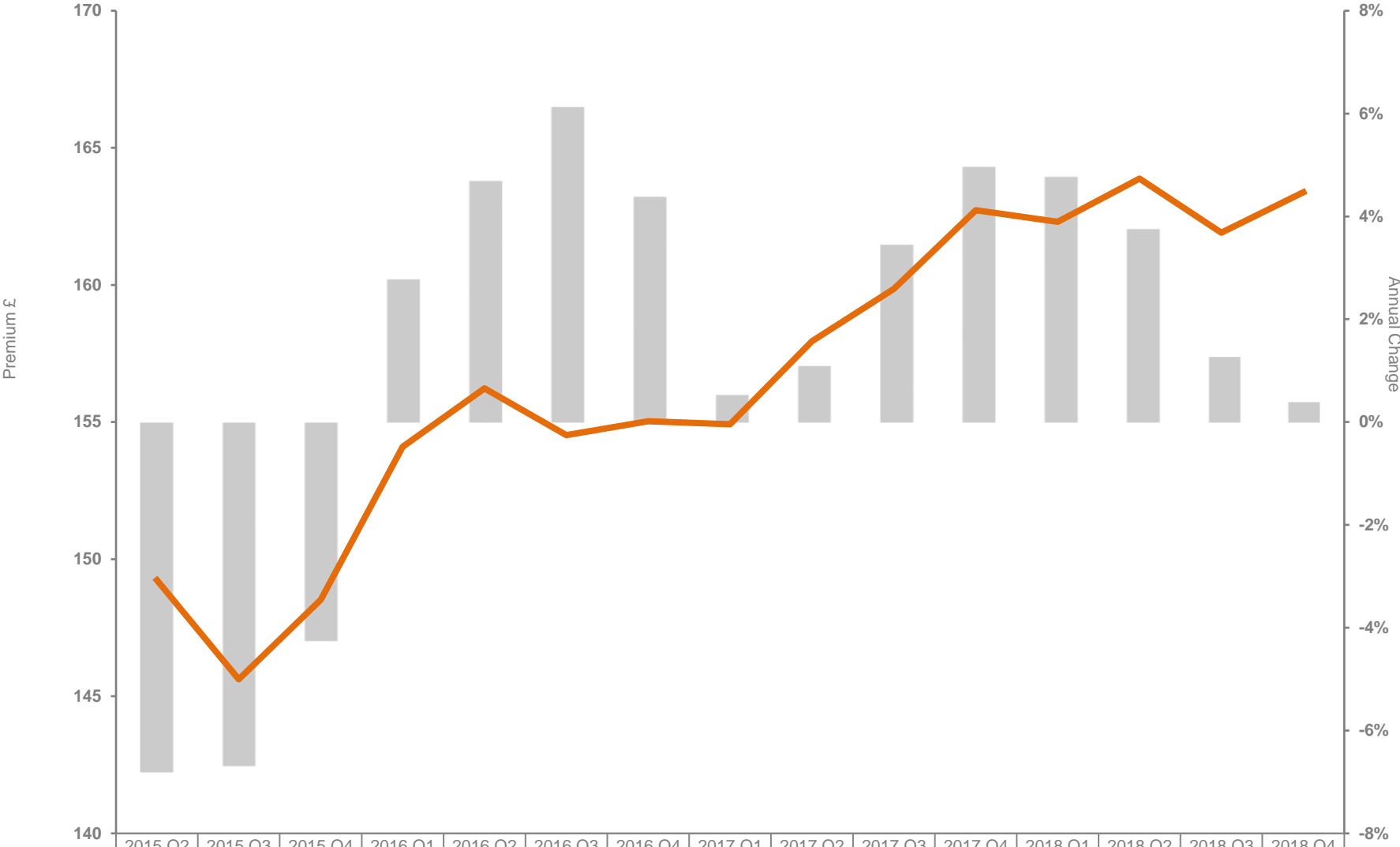
Annual Change	-5.4%	-3.6%	3.8%	12.3%	12.5%	13.6%	7.6%	2.3%	2.4%	4.4%	5.7%	5.1%	5.9%	2.9%	0.7%
Buildings Premium	£98.96	£97.50	£104.07	£109.73	£111.33	£110.72	£111.96	£112.21	£113.97	£115.61	£118.40	£117.97	£120.69	£118.98	£119.22

### AA BIPI - Home Contents Shoparound Premium



Annual Change	-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%	-0.7%
Contents Premium	£58.76	£57.74	£57.03	£57.41	£59.15	£62.57	£59.00	£59.08	£60.93	£60.88	£60.22	£59.33	£59.90	£59.31	£59.77

### AA BIPI - Home Combined Shoparound Premium



Annual Change	-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%	0.4%
Combined Premium	£149.24	£145.62	£148.52	£154.10	£156.23	£154.53	£155.03	£154.92	£157.95	£159.86	£162.73	£162.30	£163.88	£161.90	£163.38

## **AA BRITISH INSURANCE PREMIUM INDEX - 2018 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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