

Home Insurance Price Index

May 2017



Summary

The Consumer Intelligence Home Insurance Price Index is compiled using real customer quotes from across all the price comparison websites and direct channels.

Consumer Intelligence is the only company with authorisation to collect pricing information from this comprehensive range of channels and its data is used by the Office for National Statistics to inform its measures of inflation.

The latest index shows premiums have risen by an average of 2.0% over the last 12 months. The average premium for buildings and contents insurance is now £121.

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.

Meet the specialists



Laura Vas

Laura Vas joined Consumer Intelligence as an Insight Analyst in 2010, after graduating from the University of Southampton with a degree in Mathematics.

Laura is responsible for driving high quality research reporting and analytics that meet client requirements. She is also a key member of our systems development team contributing ideas to shape the pricing analysis tools we use to explore market trends, competitive positioning and opportunities



John Blevins

John Blevins is a General Insurance specialist with 19 years' experience in the insurance industry. Having worked in an intermediary, aggregator and direct insurer, John has accumulated a wealth of knowledge around how these markets operate.

John is based in Scotland and recently joined Consumer Intelligence as product manager for general insurance pricing.

The numbers

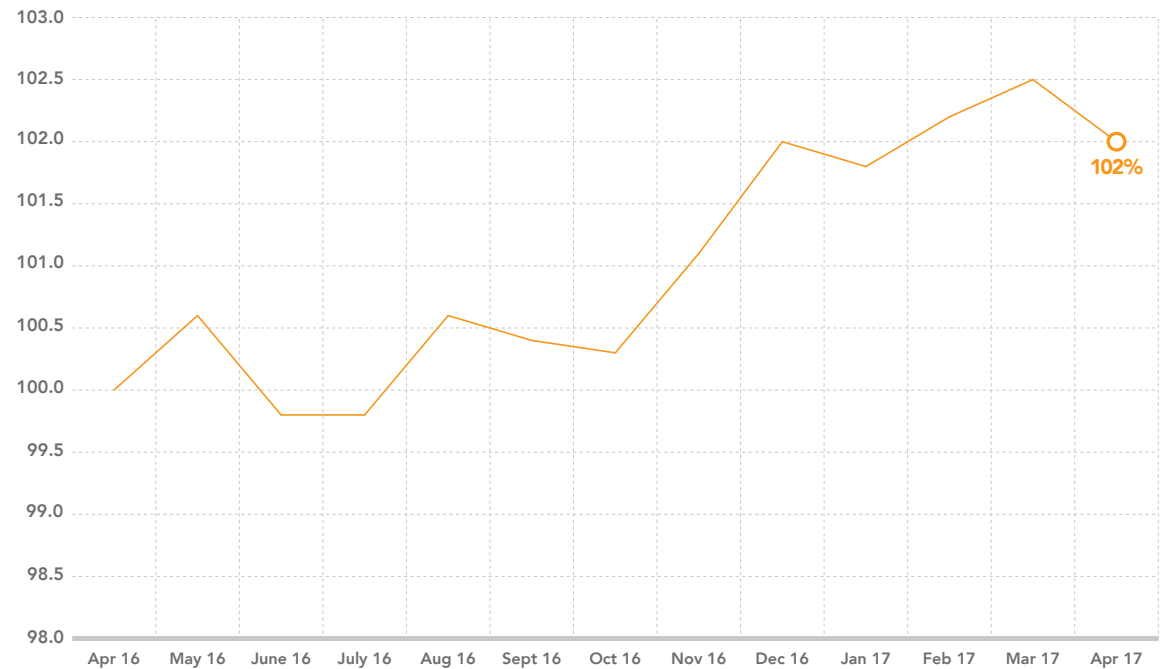
The average cost of home and contents insurance has risen slightly over the last 12 months, after initially falling during June and July 2016.

The average price of an annual policy is now 2.0% higher than it was 12 months ago. This includes the 0.5 point increase in Insurance Premium Tax to 10% on 1 October 2016. A mild storm season, however, has seen prices stabilise over the latest quarter, with premiums rising by just 0.2% over that period.

Pricing expert John Blevins says:

“There has been little movement over the last quarter, and prices have remained fairly static. The benign weather has helped keep premiums down, although it is worth noting that IPT rates have pushed premiums up by 2% in the last 12 months. We expect premiums to rise further in June when IPT increases to 12%.”

One year



IPT increase

2%

increase in average annual policies compared to 12 months ago



The average price of an annual policy has is now 2% higher than it was 12 months ago.

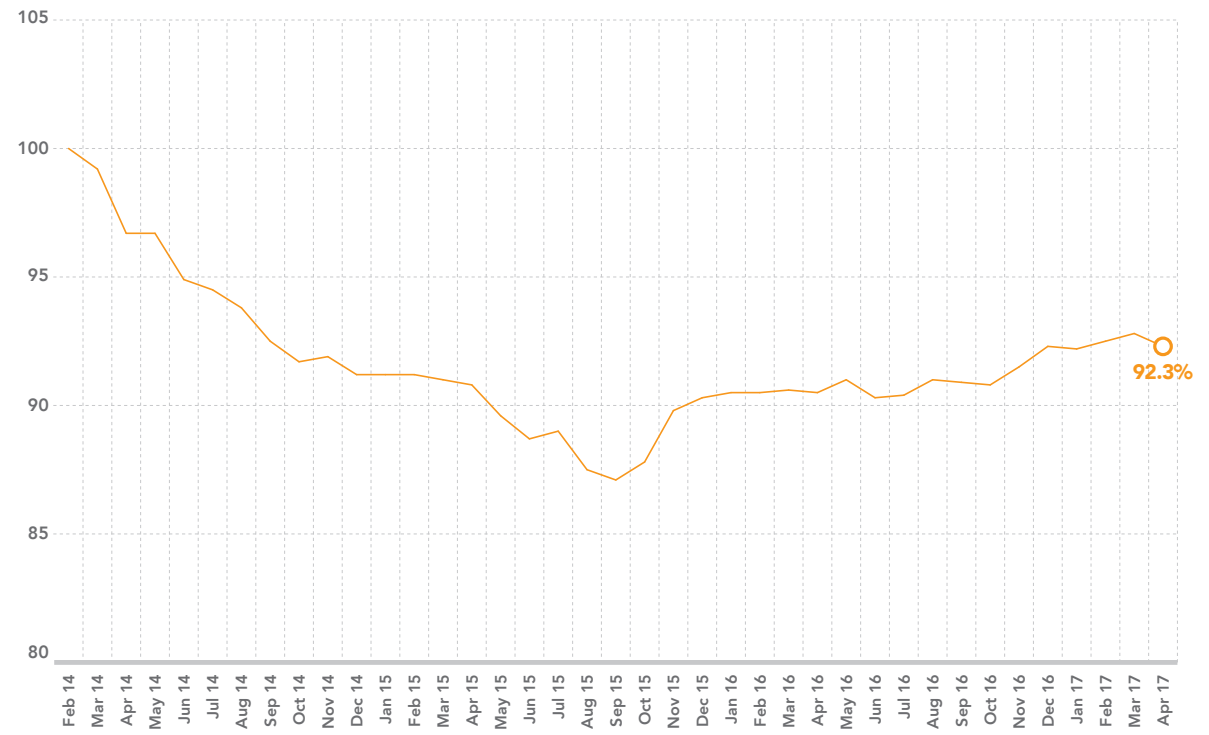
Long term view

Despite recent increases to premiums over the second half of 2016 and the first two months of 2017, **premiums remain lower than historic levels.**

The average premium as at April 2017 stands at 92.3% of the average premium from February 2014 after dropping to its lowest level of 87.1% in September 2015.

Despite the impending increase in IPT, there are little other significant price pressures in the market, and Blevins says he expects prices to remain relatively stable over the next 12 months.

February 2014 - April 2017



Premiums remain far lower than historic levels.



Into the regions

London remains the most expensive region of the UK for home and contents insurance, with the average premium in the capital costing £144.

This is significantly higher than the second most expensive region in the UK, Yorkshire and the Humber, where the average premium stands at £125 - 13% cheaper than in the capital.



The highest premiums are in London with policies at an average of

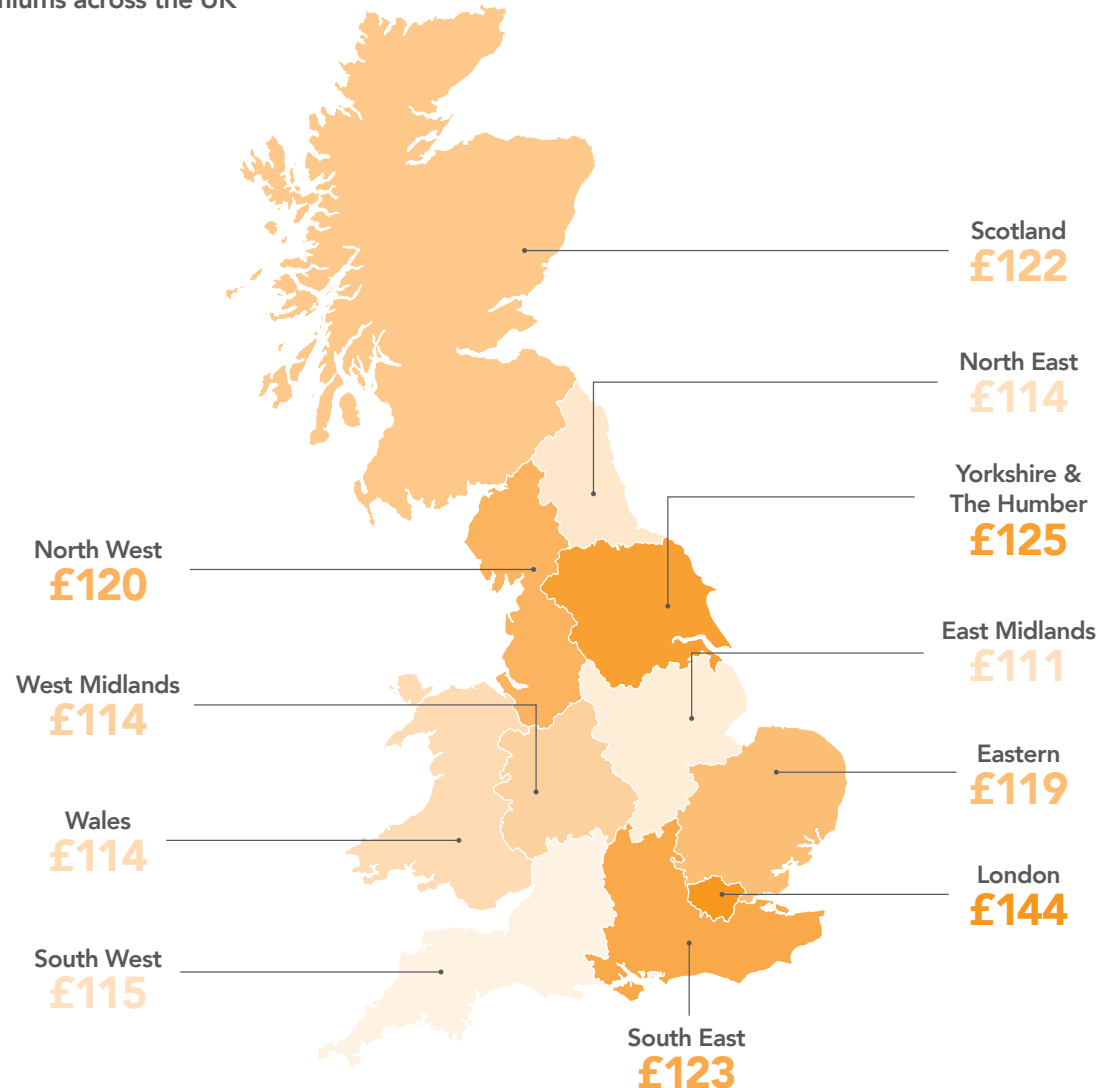
£144



Yorkshire and the Humber is the second most expensive region

£125

Premiums across the UK

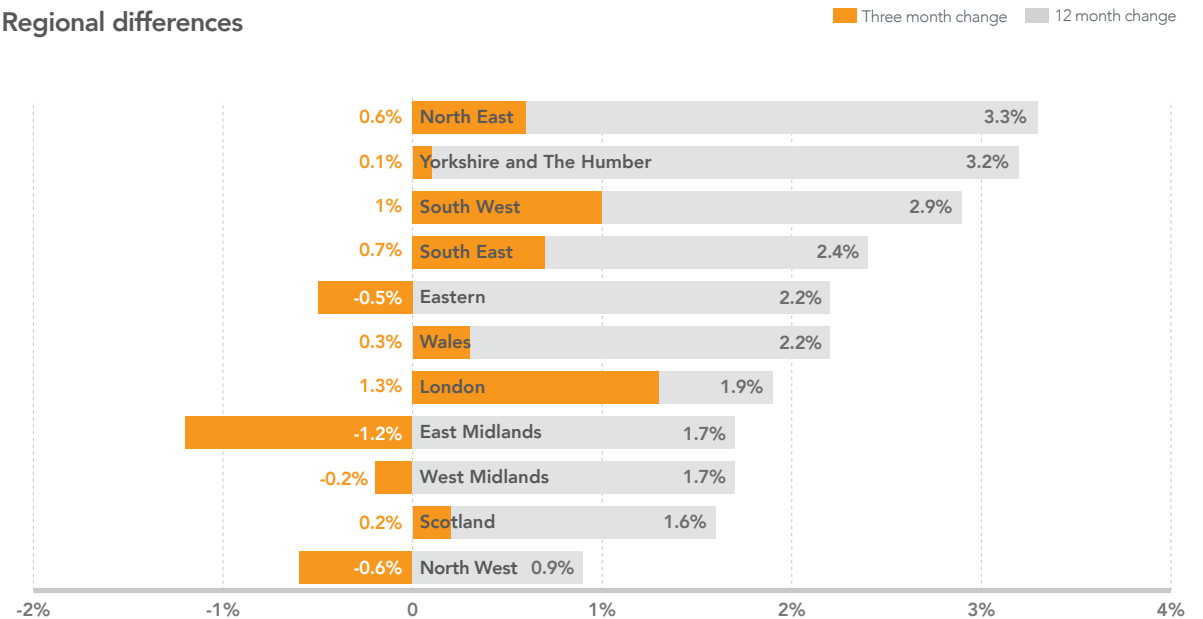


Into the regions

The North East of England saw the biggest increase in premiums, **with the average premium climbing by 3.3% over the last year to £114**. Despite this increase, the East Midlands is the only region of the UK where it is cheaper to buy home and contents insurance, with the average premium in this area currently standing at £111.

The North West of England saw the slowest growth in premiums over the last 12 months, with the average premium increasing by 0.9%, and it was one of four regions, along with the West Midlands, East Midlands and the Eastern region, to experience a fall in the cost of home and contents insurance over the last three months.

Regional differences



The East Midlands is the only region where it is cheaper to buy home and contents insurance.

Blevins says:

“A fall in the value of the pound since the UK’s decision to leave the EU will have pushed up the cost of imported materials used in repairs, and that the introduction of last year’s price on renewal invites could impact new business rates going forward, although the full effect of this is yet to materialise”.

Age differences

Younger homeowners are now paying more for their building and contents insurance, after opening up a small gap over their older counterparts.

The average premium for homeowners under the age of 50 now stands at £124 after climbing by 1.0% over the last 12 months. Premiums for homeowners over the age of 50, meanwhile, have climbed by 3.6% over that period, after dipping slightly in the middle of 2016, with the average premium now standing at £117.

April 2017 Average Premium (using 5 cheapest)



Age < 50

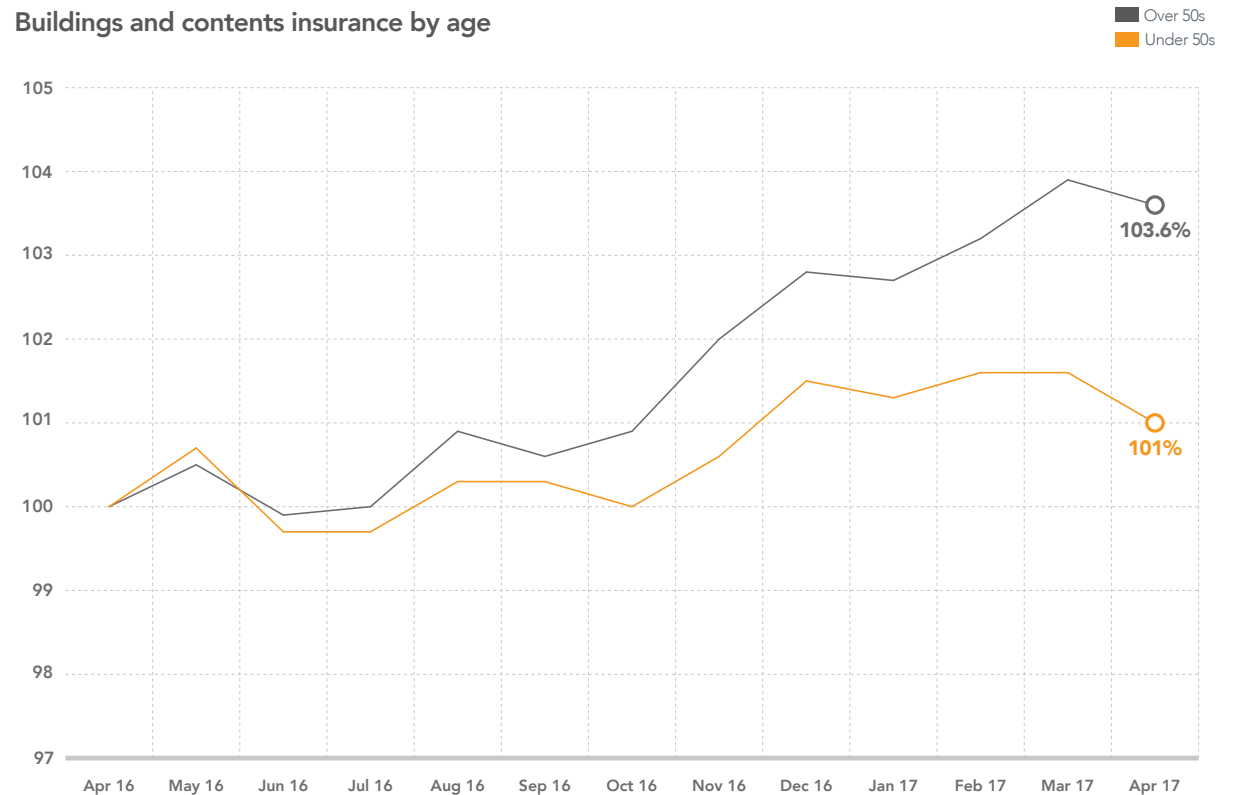
£124



Age >=50

£117

Buildings and contents insurance by age



On average, premiums for homeowners rose by 3.6% for over 50s and 1% for under 50s.

Property age

Newer properties continue to benefit from lower premiums, with properties built since 2000 having the lowest average cost of insurance. Meanwhile, properties built between 1865 and 1880 attract the highest prices.

Older properties have also experienced the biggest increase in premiums over the past 12 months, with premiums growing by 5.4% for properties built between 1865 and 1880, compared to increases of just 1.8% for the newest properties.

Over the last quarter, properties built after 1985 have been the only sector to see premiums fall.



To insure a property built after 2000 premiums have increased by

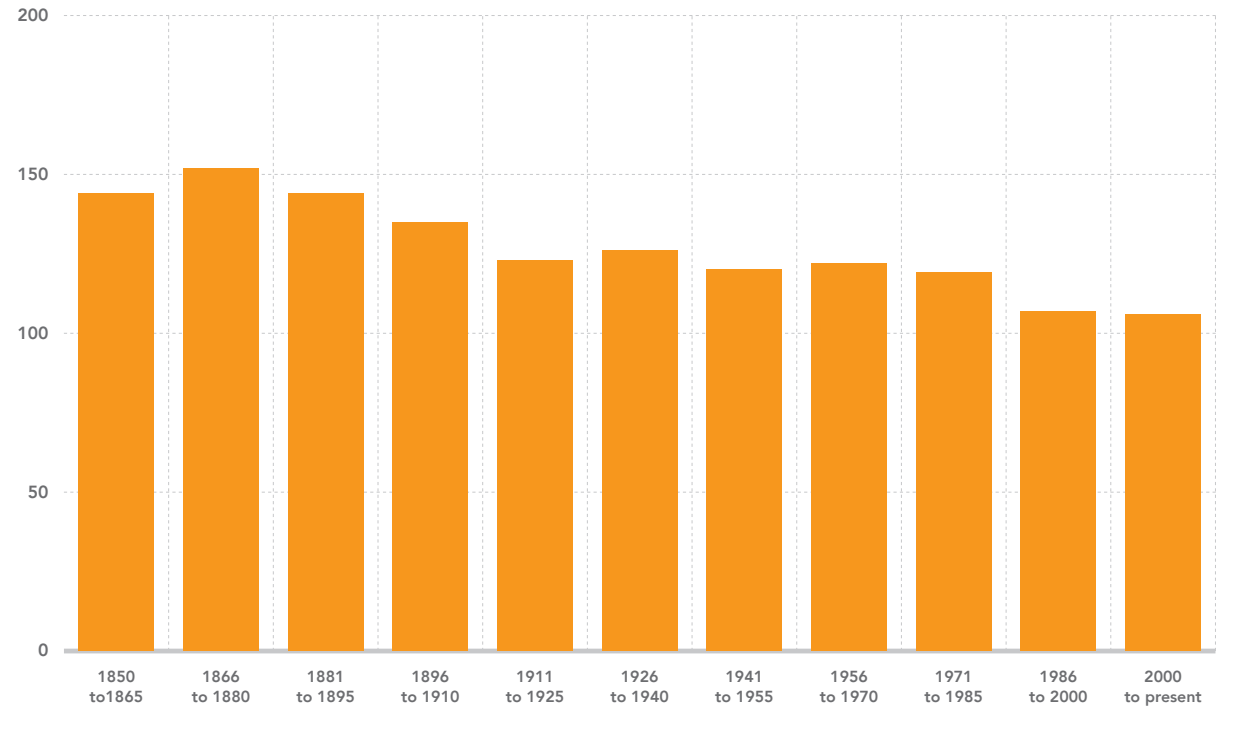
1.8%



Properties built between 1865 and 1880 have seen premiums increase

5.4%

Buildings and contents insurance by property age



↑ Older properties are quoted higher premiums

↓ Properties built after 1985 have been the only sector to see premiums fall

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

