Research Brief: Insurance Affordability – Before Flood Re until 2025

Since Flood Re started operating, we have been regularly monitoring the market using bespoke data collected by market researcher Consumer Intelligence, in order to monitor home insurance availability and affordability for those with recent flood claims in areas of high risk of flooding. This included a survey the start of 2016 of market prices and availability prior to the Flood Re scheme's entry into operation. This 'baseline' showed that:

- 47% of people could not obtain insurance (no quotes), 47% received a single quote, and 7% received more than one quote
- The average premium available to those who received a quote was £4,848, more than 20 times the average market quote price at the time

For a larger group, with flood claims across all areas, 32% of people could not obtain insurance (no quotes), 51% received a single quote, and 9% received more than one quote. The average quote price was £4,059.

Those in high-risk areas with no claims fared much better, receiving an average quote of £524, more than double the market average of £211.

When the Flood Re scheme was implemented, the market changed dramatically in a relatively short period of time.

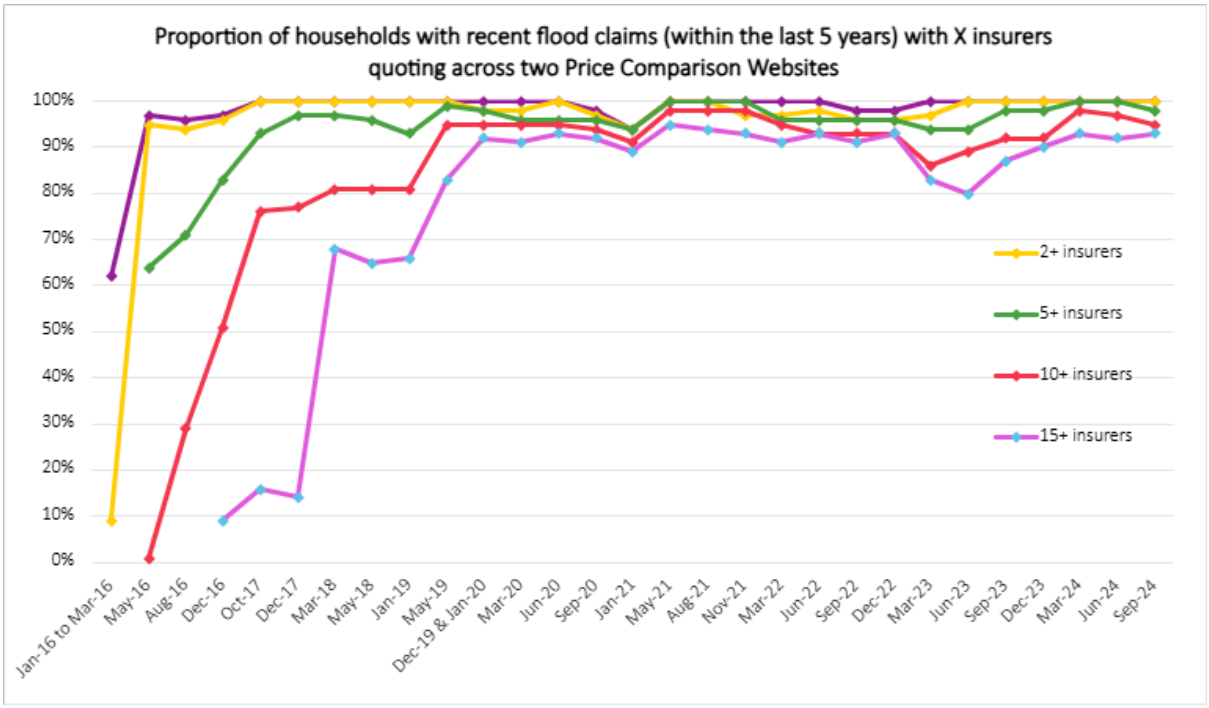
Availability Changes with Flood Re

The first years of the Flood Re scheme had a heavy emphasis on onboarding insurers to the scheme. Those insurers, by virtue of their ability to cede properties to the scheme, were then able to offer insurance to the hardest-to-insure properties. As a result, within two years of the scheme's operation, all of those recent flood claim properties could obtain insurance. More than 80% had begun to receive 10 or more quotes, meaning they could now select from a range of insurers offering different prices in a competitive market, even for high-risk properties.

About our availability and affordability data:

From 2016 until the present, market research firm Consumer Intelligence (CI) has been undertaking a bespoke survey of market availability and affordability on behalf of Flood Re. Using a custom Flood Re sample of roughly 1,000 properties at risk of flooding, and 50-150 properties with recent flood claims, alongside their market-representative sample of 2,000 households, CI run address and property characteristic data through Price Comparison Websites (PCWs) and obtain information on the numbers of insurers offering coverage, at what prices. Baseline properties represent a sub-segment of 45 properties that were continuous across the initial period of the scheme.

Properties in the sample have changed over time, and baseline and early results figures use a single PCW for prices while the rest use 2 PCWs. Still, the roughly 9-year time series provides a continuous picture of market behaviour, which gives us confidence that Flood Re's impact on the market continues, and the availability and affordability of home insurance including flood coverage has been maintained.



Affordability Changes with Flood Re

The competitiveness in the market that came from numerous insurers trying to compete on price, with the option of ceding properties to Flood Re, saw significant pricing/affordability changes to the market in its early years.

Flood Claim properties

The biggest observed change was for that hardest-to-insure group of properties with recent flood claims, facing the highest prices. From the pre-Flood Re average quote of £4,848 cited above, this group saw its average quote prices drop to £532 immediately following Flood Re's entry to the market, to a low of £461 in May of 2019. By March 2021 prices had declined from being more than 20 times the mass market price to less than double. Because of Flood Re, properties with a history of flooding could now be reinsured at a subsidized price, and with more insurers using the scheme those prices came down rapidly in a competitive market.

Flood Risk properties

Flood risk properties did not see the significant declines of flood claim properties, but their average quote price was not quite double the market price, and the "Flood Re" effect on these prices was much slower to show up. Flood risk quote prices held steady for several years while mass market quote prices increased, steadily narrowing the price differential. By June 2022, the flood risk price was only 38% above the mass market.

Market Changes and inflation

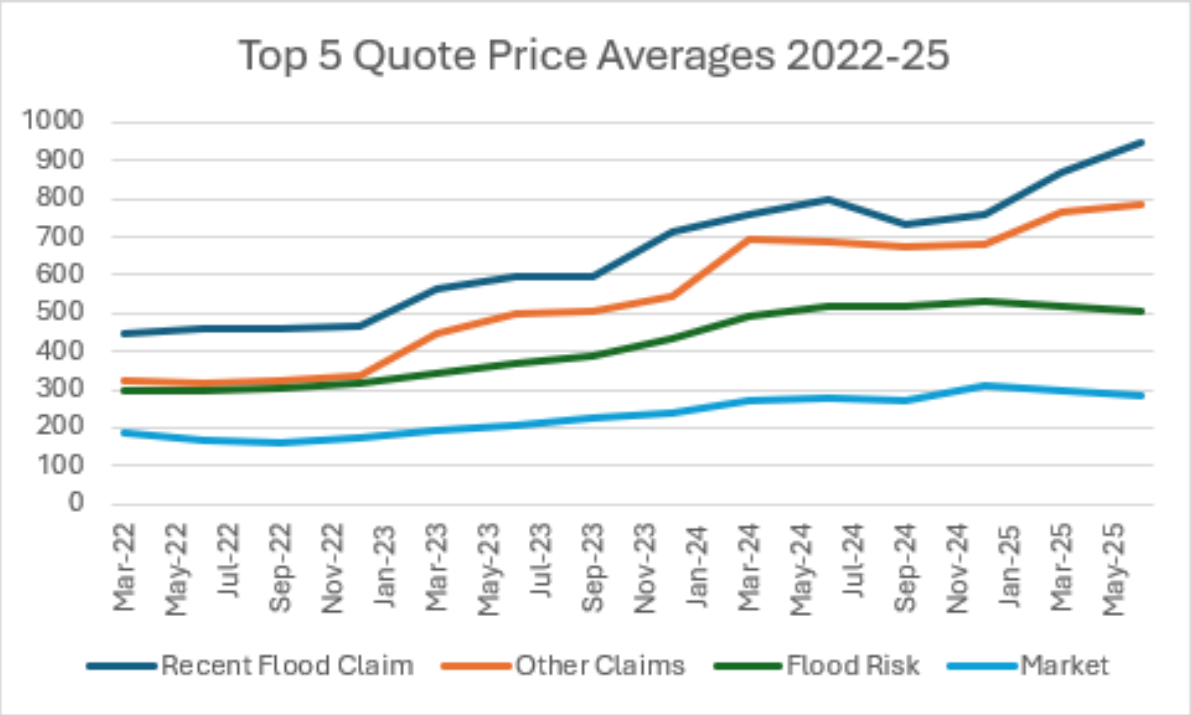
Paid prices vs. quote prices

Flood Re's tracking of Price Comparison Websites provides quote prices, which are the premiums available to consumers, but not necessarily the price paid. Customers may choose a provider based on price, brand, decline to purchase, or seek quotes directly from a provider or broker.

The ABI price reflects actual paid prices for premiums, from insurers' statistics.

The two often vary, because the paid price will be for all policies issued over the previous year, while quotes represent a point-in-time about what is on offer in the market at that moment, which also varied prior to 2022 due to the prevalence of new customer discounts, which are no longer allowed).

Mass market home insurance prices were remarkably steady from 2012-2022, with the Association of British Insurers (ABI) statistics showing an average combined buildings & contents premium of £327 in 2013, declining to £304 by 2015, and fluctuating up and down before reaching a record low of £301 in 2022. It is against this backdrop of a competitive market that the Flood Re scheme was able to embed itself into the market, and where insurance including flood cover was again available to all eligible homes, and typically at prices considered very affordable by global standards. Following this period of remarkable stability, we have seen a period of significant overall inflation, with home insurance premiums rising to an average of £393 by the start of 2025.



From roughly the end of 2022 through until the present, prices increased significantly. Some of this is statistical – see note below. What we do know, however, is that the cost inflation for the average consumers was beyond anything seen in our lifetimes, and that categories with higher relative flood risk levels saw much more significant inflation than the average consumer. From March 2022 until March 2025:

- Market quote averages were up by more than half
- Flood risk quote averages were up by about 2/3
- Flood claim quote averages roughly doubled
- Non-flood claim quote averages more than doubled

Note: Rough figures have been used because Flood Re updated its sample from a "risk basket" including medium risk properties to high-risk-only properties, to provide a clearer signal on high-risk homes, with figures available from the start of 2022. General Insurance and Pricing Practices rules came into effect at the start of 2022, whereby firms must offer the same prices to both new and renewal customers, eliminating the deep new-customer discounts and "loyalty penalty" seen previously. 2022-25 inflation was even sharper in the quoted prices figure because the removal of new customer discounts brought new quote prices up and renewal prices down. These figures use averages across 2 PCWs.

Broadly, the removal of discounts and a market prioritizing shopping and switching was felt most heavily on the highest-risk categories. With a market shifting from consumer acquisition

and growth via attraction, to loyalty and growth via retention, homes with higher levels of risk are seen as a greater long-term liability and priced accordingly.

Availability
The bright spot is that availability has been maintained – in March 2025, 100% of homes with flood claims received at least 2 quotes, 99% received 5 or more, and 95% received 10 or more. For flood risk properties it was 100% receiving 5 or more quotes, and 98% receiving 15 or more quotes. Insurance is widely available, but at a higher cost than 5 years ago.

A market without Flood Re

Given the figures and trends we've outlined above, what can we say about what insurance prices would look like in the absence of Flood Re?

The most basic calculation is to take the pre-Flood Re statistic that households with recent flood claims in high risk areas were quoted just over 20 times the mass market price, which would mean quote prices of around £8,000-£10,000.

This price may seem extraordinary, but it is borne out by the high costs of reinstatement (which saw cost inflation of 50% from 2021-23 alone) and reinsurance for a growing number of frequently flooded properties. The average cost of home insurance flood claims in 2024 and 2025 has ranged between about £60,000 and £90,000, depending on the event. About 1 in 10 of Flood Re's claims are from repeat flooding, meaning that some of these homes are averaging tens of thousands of pounds per year or more to reinstate. These are effectively uninsurable properties, and recalling that about 1/3 of these flood prone properties were unable to obtain insurance prior to Flood Re, it is logical that that many or more would fall into the uninsurable category.

Flood risk properties would see a less pronounced increase, from averages of about £500-£750 now, to closer to £800-£1000.

This all presumes a regular market, with 'average' flooding, such as what we have seen in recent years – flooded property numbers in the low thousands, flood claim costs in the low hundreds of millions. Were we to see the sort of cataclysmic flooding that has hit the USA, Germany, or Spain in recent years – tens of thousands of properties flooded, billions in damage – then market impacts may be more acute.