

## Bringing Back the True Cost of Insurance™

# Press Release

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## Cheapercover aims to ‘bring back the true cost of insurance’ for 20 million UK households

A new online insurance provider called Cheapercover.com is launching in the UK.

Cheapercover believes that customers are being taken for granted by current insurance providers and a number of middlemen that have crept into the process over recent years.

Cheapercover intends to use Blockchain technology to forge a better link between customers and their insurance companies. This will mean lower running costs for Cheapercover and eliminate the need for insurance brokers, price comparison websites and search engines – meaning these savings can be passed straight back to the customer.

### How will this work?

Using Blockchain technology<sup>1</sup>, Cheapercover will provide a virtually instant link from each customer direct to the insurance company for the policies they hold. This will mean that both parties – the customer and the insurance company – will be able to see all policy details in real-time.

The customer will be able to make changes to their level of cover direct through an app on their Smartphone or via the Cheapercover website.

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<sup>1</sup> \*There is a “White Paper” on Blockchain technology, entitled “Bringing Back the True Cost of Insurance” available for download via the Cheapercover website at [www.cheapercover.com](http://www.cheapercover.com)

Most insurance customers who shop around for cover at present, do so via a search on Google or one of the other search engines. Insurance companies and brokers pay up to £8 per click to appear in these search results.

Price comparison websites (PCW) first appeared about 15 years ago. They compare prices from a range of insurance companies and brokers – but PCWs also pay up to £8 per click to appear in search engine results and they charge insurance companies and brokers about £50 for each policy sold through them.

Insurance brokers charge commission of between 10 and 20% on each policy sold by them.

So now we have brokers, price comparison websites and search engines – all taking a slice of insurance premiums. Cheapercover customers won't have to fund these middlemen.

Customers think they are getting a good deal by going through PCWs, but growing interest from the regulators shows that the insurance market isn't working anywhere near as well as it could.

Another advantage of using Blockchain is that Cheapercover will be able to offer their members semi-automatic switching. Currently, many insurers hike the cost of insurance when it comes up for renewal each year.

In October 2018 the FCA announced<sup>2</sup> that it was looking into how insurance companies charge their customers for motor insurance. They talk about *“potentially excessive differences between premiums charged to new customers and those renewing”*.

Through Cheapercover, if a customer's policy is set to increase by more than the official rate of inflation, the system will automatically search for a better-priced policy for them.

## Quotes

Andy Willis, Cheapercover Managing Director, says:

*“The UK insurance industry changed a lot when price comparison websites first arrived 15 years ago – but it allowed a couple of extra middlemen to creep in to the process of shopping around – and these middlemen want to be paid very well for what they do.*

*Our Blockchain systems will revolutionise the marketplace and give customers exactly what they want – the right policy for them, at the best price and with the least effort”.*

David Griffiths, Cheapercover Marketing Director, says:

*“One continuous policy for life. Just imagine not having the worry of shopping around for car or home insurance ever again! Our members will be part of a real partnership and we intend to treat them fairly”*

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<sup>2</sup> You can read the full FCA press release [here](#)

## Notes to Editors

According to the statistics portal “Statista” there were 31.2 million cars on the UK roads in 2017, equating to over 20 million households with a car insurance policy.

Compare The Market, one of Britain’s largest price comparison websites is being investigated by the Competition and Markets Authority for its contracts with home insurers which may “*break competition law and lead to higher premiums*”. Full press release [here](#).

In September 2018 the Citizens Advice Bureau (CAB) made a ‘super-complaint’ to the Competition and Markets Authority, stating that UK households are being overcharged for being loyal to the tune of £4 billion a year (average of £877 per household). CAB say the practice of overcharging loyal customers is “ongoing and widespread” across not just insurance but things like mortgages, savings and broadband providers. CAB Chief Executive, Gillian Guy, describes the practise as “a systematic scam”. Full press release [here](#).

The Cheapercover website can be accessed at [www.cheapercover.com](http://www.cheapercover.com)

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