



All Party Parliamentary Group on Insurance & Financial Services

News Bulletin

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Floods minister to meet All Party Group as deadline nears

RICHARD BENYON, Parliamentary Under-Secretary for Natural Environment, Water and Rural Affairs, will be speaking to the group in mid-March, just weeks away from the deadline for getting a new deal on flood insurance in place.

The decade-long standstill on the availability of flood insurance – called the Statement of Principles – comes to an end at the end of June. The insurance industry gave notice nearly 18 months ago that it would be pulling out of this deal as it did not believe the government had delivered its side of the bargain by increasing spending on flood defences. Ever since then negotiations have been taking place to ensure that a scheme is in place to ensure that up to 200,000 households and thousands of small businesses do not find themselves unable to obtain flood insurance after June.

The Department for the Environment, Food and Rural Affairs (DEFRA) said a deal was imminent last summer but a complete change of ministers sunk that and the negotiations became steadily more fraught as the autumn wore on. Shortly before Christmas, the frustration of the Association of British Insurers burst into the open as the talks reached deadlock.



Benyon: will he have a deal to announce?

There are various options being touted for putting in place a scheme that ensures flood cover remains available – Flood Re favoured by the ABI, a broker-led scheme called Project Noah or an additional premium payable through an increase in Insurance Premium Tax.

The willingness of Mr Benyon to meet the group suggests that DEFRA feels it will be in a position to announce a scheme next month. With the meeting expected to be attended by several MPs representing flood-prone constituencies it would be very hard for the minister to come to it without something firm to announce.

If it turns out to be an IPT-based solution this could be confirmed in the Budget which the Chancellor of the Exchequer, George Osborne, is due to deliver just over a week later.

The meeting takes place on Tuesday 12 March at 4.30pm in Committee Room 20, House of Commons. It is open to the public.



Flood gap: the new scheme will need to cover businesses too

Busy session continues with PPI aftermath

THE MEETING with the floods minister has meant some re-scheduling of the other meeting of the group planned for this session.

Next week, on Tuesday 26 February, the group will be meeting to discuss the aftermath of the payment protection insurance scandal. The meeting aims to explore the growing 'protection gap' and the roles that government, lenders, insurers and consumer groups can play in attempting to bridge it.

The following month, on Tuesday 26 March, attention will turn to Solvency II and the implications of a further delay in its implementation.

Leading this discussion will be Peter Skinner, the British MEP who has been at the heart of the debate in the European Parliament in his role as rapporteur for the Parliamentary committee responsible for agreeing the Solvency II rules.

He will be joined by experts from Standard Life and other insurers.

Both meetings take place in Committee Room 20, starting at 4.30pm

Chairman: Jonathan Evans MP

Deputy Chairmen: Andy Love MP, Lord Hunt of Wirral, Lord Newby

Hon Secs: Edward Leigh MP, Heather Wheeler MP

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