

**Subject: Flood defence**

**Attendees:**

Presenters	APPG	Others
<p>Nick Starling, Director of General Insurance and Health, Association of British Insurers</p> <p>Graeme Trudgill, Head of Corporate Affairs, British Insurance Brokers' Association</p> <p>Steve Foulsham, Technical Services Manager, , British Insurance Brokers' Association</p>	<p>Tracey Crouch MP</p> <p>Jonathan Evans MP (part)</p> <p>Andy Love MP</p> <p>Heather Wheeler MP</p>	<p>David Worsfold</p> <p>David Morey (PwC)</p>

**Note of key matters:**

**Background**

The Government has announced a reduced level of funding on flood defences, with a planned spend of some £2.1bn over four years, compared with the same amount over three years in the previous spending cycle. The Government has indicated that the spend will reduce flood risk for 144,000 homes. The existing Statement of Principles on the provision of flood insurance agreed between the Government and the insurance industry (revised in July 2008), designed to ensure flood insurance for domestic properties and small businesses is available, comes to an end mid 2013.

**1. Presentation by Nick Starling, ABI**

- ABI recognise the position of Government in the context of the deficit
- The Government continues to recognise the importance of flood risk management and has indicated that there needs to be a long term plan for flood protection, better leverage from the private sector, more local level contributions and a tight grip on building planning
- The key point is that flood defence spending delivers an appropriate level of flood risk reduction, and appropriate outcomes for homes and businesses
- The Government intends to consult on long term flood risk. Insurers need to understand the basis of longer term approach to flood risk in order that they can respond accordingly. The industry has long campaigned for a long-term plan, and is keen to see what the Government's consultation will look like.
- At an earlier DEFRA Summit meeting in September, it was agreed that there are a number of initiatives needed and specific workstreams have been set up to include:
  - Risk sharing models for high risk areas
  - Resilience
  - Better data sharing
- The November 2009 flooding at Cockermouth, Cumbria provides good evidence of how the insurance industry worked together for the benefit of the community. One of the key lessons learned from this particular event was the need for local people to get good information on the event and actions being taken by Government, insurers and loss adjustors. The Government flood forecasting centre had given sufficient warning; generally there was a good level of insurance cover in place; and insurers and others acted quickly. There is still a need to formalise how all parties can work together after such an incident, with better information sharing amongst the parties

- The ABI has released a number of information leaflets and guidance on resilient repair (although there is an understandable resistance by householders to resilient repair as it advertises the property as being in a flood risk area)

## 2. Presentation by Graeme Trudgill / Steve Foulsham, BIBA

- There are some 113 insurance brokers that specialise in arranging insurance for flood risk properties. BIBA is able to help property owners that are struggling to access cover. The environment agency, the national flood forum and consumer bodies like Which? already signpost these people to BIBA, but much more could be done to help signpost property owners to a specialist insurance broker (local councils etc) where they can find cover
- BIBA currently help over 1,000 people every working day to access cover and many of these queries are from flood zone property owners
- BIBA has set up a flood property scheme, operating through one particular broker (as a wholesale broker)
- BIBA members can find insurance for 95% of those cases which are initially rejected by insurers
- BIBA recognises that with climate change, the flood risk wont go away, and are concerned by the public spending cuts on flood defences
- BIBA wants to ensure that flood cover is available and affordable; at the present time there are some 2.5m properties at risk of flooding and another 2.9m a susceptible to surface water flood risks in England and Wales
- BIBA are concerned about the position on availability of cover after the end of the current agreed position (Statement of Principles), and recognise the significant impact and disruption floods can have on local communities and jobs. BIBA is keen to see a road-map to show how flood risk will be managed into the future
- BIBA believes that measures such as resilient repair of property following floods, and building standards to mitigate the effects of floods in higher risk areas will be increasingly important to the availability of cover
- After 2013, BIBA believes brokers will have a bigger role to play in flood risk management

There followed a more general discussion and this touched on:

- Need for greater co-ordination between the insurance industry and local authorities and others in private sector
- Improving availability and communication of information (e.g. surface water maps)
- Planning and building regulations concerning property on flood plains
- The possibility of the removal of cross subsidy by the insurance industry across property risks, and possibility of it being harder to obtain cover in higher risk areas
- Need to use flood mapping / data to identify preventative spend / measures
- The role property developers might play in sharing the pain of costs arising from floods where property is build on flood plains
- The possibility of some form of joint project (insurers and local authorities) to look at a central fund to develop resilient repair / rebuild in high risk areas

DL Morey  
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