
From: [REDACTED – ABI]
Sent: 22 January 2014 15:00
To: [REDACTED] (Defra)
Subject: RE: Insurance Times - Exclusions - landlords

“Flood Re will cover domestic properties, regardless of whether leasehold or freehold, as long as they are insured by individuals rather than companies. Homes built after 2009 were not covered by the previous flood insurance agreement so this is not a new exclusion. We are not aware of any evidence that commercial property owners, including commercial landlords or managing agents, face significant problems in accessing flood insurance. In both cases flood insurance can usually be obtained through an broker. The Government agree that it would be unfair for domestic customers to have to cross subsidise commercial risks, which is why Flood Re is focussed on where the issue of flood insurance affordability and availability is most acute.”



Association of British Insurers

[REDACTED]

From: [REDACTED] (Defra)
Sent: 22 January 2014 14:32
To: [REDACTED]
Subject: FW: Insurance Times - Exclusions - landlords

[REDACTED]

You probably will have already seen that BPF has started its campaign for lobbying on the landlord exclusion from Flood Re – see attached article in the Insurance Times, also picked up by the FT and now the telegraph (link below) and the tweet from the RLA.

Could you give me a call asap – would be good to follow up on a question that has been raised by DCLG colleagues and more generally talk about handling.

<http://www.telegraph.co.uk/finance/personalfinance/investing/buy-to-let/10589202/Buy-to-let-investors-and-flat-owners-abandoned-by-flood-insurance-plan.html>

Residential Landlords Association has also picked this up – they've tweeted the below:



21/01/2014 19:51

#RLA joins forces with partners to warn that #WaterBill could leave millions without affordable flood insurance: news.rla.org.uk/rla-joins-hous...



Department
for Environment
Food & Rural Affairs

[REDACTED]

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From: REDACTED (Defra)
Sent: 29 January 2014 14:14
To: REDACTED (ABI)
Cc: REDACTED (Defra)
Subject: URGENT - Clarification of scope of Flood Re
Importance: High

[NAME REDACTED - ABI]

I attach a note that we were intending to send to Stephanie the British Property Federation today and would be grateful if you could amend it to reflect the exact circumstances in which a leasehold property would be eligible or ineligible for Flood Re. [NAME REDACTED - DEFRA] tells me that you've advised that a leaseholder that purchases standard buildings insurance on behalf of several flats within the same building, for example in a Victorian conversion, would in fact be treated by insurers as commercial.

I would be grateful for your comments asap so that I can get back to Stephanie by the end of the day.



20140129

Clarification of s...

(Attached word document: out of scope)

REDACTED (DEFRA)



From: REDACTED (ABI)
Sent: 03 February 2014 10:27
To: REDACTED (Defra)
Subject: RE: Property sector briefing note

We don't have any leasehold sector stats to hand, that's for sure, but I will have a think.

[REDACTED – (ABI)]



Association of British Insurers

From: REDACTED (Defra)

Sent: 03 February 2014 10:24

To: REDACTED (ABI)

Subject: RE: Property sector briefing note

[REDACTED]

I think that perhaps [REDACTED (ABI)] has underestimated the democratic process a tad there. Is there really nothing we can say on this point?

The JBA research is the market monitoring that Defra has commissioned – I haven't been involved directly so I don't know much about it.

[NAME REDACTED (Defra)]

From: REDACTED (ABI)

Sent: 03 February 2014 10:00

To: REDACTED (Defra)

Subject: RE: Property sector briefing note

Hi [REDACTED (Defra)],

[REDACTED]

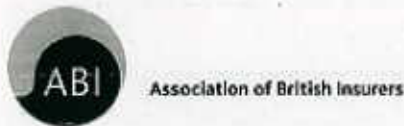
I didn't get the note direct, but it does come across better doesn't it. What's the **likely** Gov't line on option 2?

[REDACTED (DEFRA)] suggested to [REDACTED (ABI)] that it would make the debate **easier** if there were some stats. I think [REDACTED (ABI)]'s response was that the **burden** of proof should surely be on the BPF etc. to show there is a problem, not the **other** way round. On a similar note, maybe worth adding to the third bullet of the Q&As that the Government's consultation didn't find any evidence of a systemic problem.

The line looks good. What's this JBA research?

Cheers,

[REDACTED (ABI)]



From: [REDACTED (Defra)]

Sent: 03 February 2014 09:35

To: [REDACTED (ABI)]

Subject: Property sector briefing note

Good morning [REDACTED (ABI)],

[REDACTED]

I understand that [REDACTED (DEFRA)], spoke to [REDACTED (ABI)], on Friday about getting some stats together to rebut concerns about affordability in the leasehold sector. Happy to talk this through if it'd be helpful. The key line we've come up with is as follows

We expect better prices to be available for commercial buildings policies outside of Flood Re. Only ground floor flats in a building would be likely to be directly damaged

by flooding and the ground rent or service charge is generally averaged across the whole block. 44% of rented dwellings and 9% of owned dwellings are flats^[1]. 61% of these are on the second floor or above, with low or no risk of flooding, and have premiums below £200 even in at risk areas^[2].

¹ - Source: Census (2011): <http://www.ons.gov.uk/ons/rel/census/2011-census/detailed-characteristics-on-housing-for-local-authorities-in-england-and-wales/short-story-on-detailed-characteristics.html>

² Research by JBA (to be published in 2014)

Also, can you let me know if you're happy with this QA :

A. Are homeowners in residential flats or maisonettes out of scope of Flood Re?

- The insurance industry has advised that Flood Re would be available to homeowners, whether leasehold or freehold, as long as the policy is domestic and it is insured by individuals rather than companies and [REDACTED]. This approach will allow those leaseholders who do insure their own property to access Flood Re, although we understand this is unusual.
- For leaseholders where buildings insurance is purchased on a commercial block policy by the managing agent or freeholder, Flood Re will be available for the contents cover that the residents choose to purchase.
- The ABI have assured us that there is no evidence of a systemic problem for leaseholders and freeholders accessing affordable buildings insurance.

Thanks



Department
for Environment

REDACTED (DEFRA) Food & Rural Affairs

fma

THE ABI
FINANCIAL
MEDIA AWARDS
2014

Thursday 3rd April 2014
8 Northumberland Avenue,
London, WC2N 5BY

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Department for Environment, Food and Rural Affairs (Defra)

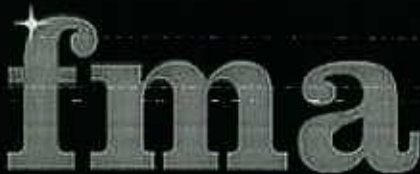
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THE ABI
FINANCIAL
MEDIA AWARDS
2014

Thursday 3rd April 2014
8 Northumberland Avenue,
London, WC2N 5BY

From: Evans, Huw [<mailto:Huw.Evans@abi.org.uk>]

Sent: 05 February 2014 20:11

To: Thornton, Neil R (Defra); [REDACTED (ABI)],

Cc: [REDACTED (ABI)],; [REDACTED], (Defra); [REDACTED] (Defra); [REDACTED] (Defra);
[REDACTED] (Defra); [REDACTED] (DEFRA); [REDACTED] (Defra); [REDACTED] (Defra)

Subject: Re: Telcon 10.30 tomorrow - in confidence

Neil

Received at our end - thanks for setting this out. Speak tomorrow.

Best

Huw

Huw Evans - Director of Policy and Deputy Director General, Association of British Insurers (ABI)

Direct Dial: 020 7216 7440 | Mobile: 07976 715651

Email: Huw.Evans@abi.org.uk

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www.abi.org.uk



Association of British Insurers

From: Thornton, Neil R (Defra) [<mailto:Neil.Thornton@defra.gsi.gov.uk>]

Sent: Wednesday, February 05, 2014 07:25 PM

To: Thornton, Neil R (Defra); [REDACTED (ABI)],

Cc: [REDACTED (ABI)],; [REDACTED], (Defra); [REDACTED] (Defra); [REDACTED] (Defra); [REDACTED] (Defra); [REDACTED] (DEFRA); [REDACTED] (Defra); [REDACTED] (Defra)

Subject: Telcon 10.30 tomorrow - in confidence

Huw, [REDACTED (ABI)],

Many thanks for agreeing to the telephone call tomorrow. As flagged in our call yesterday, things are moving apace and it would be helpful tomorrow if we were able to agree some high-level wording that Lord de Mauley could use in Committee on Tuesday on the leasehold issue and [REDACTED – Out of scope] with further work potentially to follow on both well ahead of Report stage.

Leasehold properties

As I mentioned yesterday, the head of steam on the exclusion of buildings insurance for leaseholds properties is building. [REDACTED – Out of scope] So collectively we do need to consider the situation carefully. [REDACTED (ABI)],'s assurances that he is seeking further information from your members is helpful, but we recognise this will take some time. Your help in providing strong and positive messages about the lack of a problem in the real world – it that is indeed your view – and the rationale for exclusion will be particularly welcome. [REDACTED – Out of scope]

So to give us all a bit of time to gather our thoughts, we'd appreciate a discussion on the following proposed holding text for Lord de Mauley's use in Committee:

'I have set out previously that the key issue in determining the scope of Flood Re is whether the policy is treated as commercial or residential by the industry. Commercial policies are out of scope of Flood Re, which is designed to support households. We believe this approach is fair and practical and was supported in the consultation. However, the issues around the leasehold sector present a more complex situation. Whilst the ABI has confirmed to me that there is no evidence of a systemic problem with freeholders being able to obtain insurance for their leasehold properties, which is welcome reassurance, the situation is complex and I have listened to representatives of the property sector who have expressed concern about the impact of the proposed approach on the particularly the smaller end of the leaseholder market. I recognise the strength of feeling on this issue and feel that we need to take time to consider it in more detail. We will look at this with the ABI and hope to provide an update at Report Stage.'

[REDACTED]

Speak tomorrow.

Kind regards,

Neil

NEIL THORNTON
Director Food and Environmental Risk
3/B Nobel House
020 7238 4260

Department for Environment, Food and Rural Affairs (Defra)

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From: [REDACTED] (Defra)
Sent: 07 February 2014 08:18
To: [REDACTED (ABI)],
Cc: [REDACTED] (Defra); [REDACTED] (Defra)
Subject: Water Bill Amendments on Flood Re and leasehold
Importance: High

[REDACTED (ABI)],

You'll see from the attached that we have now received various amendments in relation to including leasehold and freehold properties in Flood Re – from Lord Lytton and Baroness Bakewell.

We'll be drafting a response to cover these using the lines which were agreed yesterday, but may need to come to you with any questions this morning.

Best wishes,

[REDACTED] (Defra)

Attachment:

Water Bill

AMENDMENTS
TO BE MOVED
IN COMMITTEE

[SUPPLEMENTARY TO THE SECOND MARSHALLED LIST]

**Amendment
No.**

After Clause 59

THE EARL OF LYTTON
[AS AN AMENDMENT TO AMENDMENT 160]

Line 13, at end insert—

“(d) leasehold properties; and

(e) private rented properties”

THE EARL OF LYTTON

[AS AN AMENDMENT TO AMENDMENT 160A]

Line 3, leave out “houses” and insert “freehold and leasehold homes”

Clause 61

BARONESS BAKEWELL OF HARDINGTON MANDEVILLE

Page 114, line 23, at end insert—

“(8A) The Secretary of State may, by regulation set out the definition of who is a
“person who has a qualifying interest”.

(8B) Regulations under subsection (8A), may include persons who are—

(a) the freeholder;

(b) the leaseholder;

(c) the owner of a commonhold tenancy,

for a relevant property.”

Clause 69

BARONESS BAKEWELL OF HARDINGTON MANDEVILLE

Page 120, leave out line 6

Page 120, line 6, at end insert—

“() The meaning of “household premises” in regulations under subsection (4)
must include mixed hereditaments.”

THE EARL OF LYTTON

Page 120, line 14, at end insert—

“(7) Except as provided in subsection (8), the definition of “household
premises” in any regulations made for the purposes of this Part must not
include or exclude persons by reason of the premises being (or not being)
owned or occupied by the policyholder or any other person of a specified
description or because the premises are, or are not, owned by, or the
policyholder is or is not, an individual.

(8) The definition of “household premises” may exclude premises where the policyholder or the owner of the premises is—

- (a) a corporation or company incorporated by statute or Royal Charter or under the Companies Acts (other than small companies within the meaning of section 382 of the Companies Act 2006 or medium companies within the meaning of section 468 of that Act);
- (b) a person or body specified in paragraph 12 in Schedule 1 to the Housing Act 1988;
- (c) a registered provider of social housing, or
- (d) an industrial and provident society.”

After Clause 73

LORD HOWARD OF RISING

Insert the following new Clause—

“Internal drainage boards: apportionment of drainage expenses

- (1) The Land Drainage Act 1991 is amended as follows.
- (2) In section 37 (apportionment of drainage expenses), at end insert—

“(f) in the case of—the Secretary of State may by order define an equivalent measure for valuing the land”.”

- (i) any land to which none of paragraphs (a) to (d) applies and is it not possible to calculate a value under paragraph (e)(ii) as the relevant rating lists no longer exist or cannot be located, or
- (ii) land to which one of paragraphs (a) to (c) does apply but for which the relevant rating lists no longer exist or cannot be located,

the Secretary of State may by order define an equivalent measure for valuing the land”.”

From: [REDACTED], (Defra)
Sent: 13 February 2014 12:07
To: [REDACTED (ABI)],
Cc: [REDACTED], (Defra); [REDACTED], (Defra)
Subject: Scope of Flood Re - note for Peers

Hi [REDACTED (ABI)],

[REDACTED], I particularly wanted to flag one action arising from Tuesday's debate where we need some help from the ABI.

The debate was rather dominated by the subject of who is eligible for Flood Re – [REDACTED – out of scope], – but how the split between commercial and domestic policies is reflected in the proposed eligibility for Flood Re. To help with handling Lord de Mauley committed to providing Peers with a detailed note explaining exactly who would be in and out.

We will need to have this ready in the next couple of weeks, as we expect that Report Stage will begin shortly afterwards (dates have not been confirmed yet). I understand that we also need to include a statement of who exactly we expect to benefit from Flood Re for the State Aid notification which is due to go to the Commission shortly, so this note would serve a dual purpose.

I think what Lord de Mauley is envisaging is a document which explains the high level principles for eligibility (which we've both set out previously) and then a section which sets out a range of different parts of the housing market to explain if that particular category is eligible or not, along with any necessary caveats or explanation. I've had a go at a list of the categories we need to cover as a starting point based on what has been raised through press enquiries and by MPs and Peers, and the next step is the explanation for each category.

In order that we make sure that we accurately represent the position of the industry in terms of what counts as a domestic or commercial policy, it would be very useful if you (or perhaps your underwriting working group) could populate this with a set of explanations. Because of the need to include this as part of the State Aid application and provide in reasonable time ahead for Peers to consider ahead of Report, **it would be helpful to have a draft to discuss by next Friday the 21st.**



Scope of Flood
Re.doc

[Attached word document – Out of scope]

i hope this makes sense. Thanks in advance for your help with this, and please do give me a call if you'd like to discuss.

Thanks

[REDACTED, Defra]

From: [REDACTED (ABI)],

Sent: 14 February 2014 11:36

To: [REDACTED (Defra)]; [REDACTED (NO 10.)]; Evans, Huw

Cc: [REDACTED (Defra)]

Subject: RE: Leaseholder lines [UNCLASSIFIED]

Perfectly happy though, for you to get across that flood risk in London is proportionally lower than in many other parts of the county (largely due to the Thames Barrier), and that many of the UK's 3.1m leasehold homes are in the capital (though I don't know the number). This does serve to reduce the scale of any likely problem even further.



Association of British Insurers

[REDACTED (ABI)],

From: [REDACTED (DEFRA)]

Sent: 14 February 2014 11:34

To: [REDACTED (ABI)]; [REDACTED (NO 10.)]; Evans, Huw

Cc: [REDACTED (DEFRA)]

Subject: RE: Leaseholder lines [UNCLASSIFIED]

Hi [REDACTED (ABI)],

I agree with you on that one – it's not a line that we have used in the past. [REDACTED (NO 10.)] – perhaps best to remove?

[REDACTED (DEFRA)]

From: [REDACTED (ABI)],

Sent: 14 February 2014 11:32

To: Stubbles, Ruth (Defra); [REDACTED (NO 10.)]; Evans, Huw

Cc: Freeman, Anne (Defra)

Subject: RE: Leaseholder lines [UNCLASSIFIED]

Thanks [REDACTED (DEFRA)] – agree with what you say. However this is rather a sweeping statement (though generally true)...

Typically leasehold flats in London are considered low risk by insurers because of the Thames Barrier.



Association of British Insurers

[REDACTED (ABI)],

From: [REDACTED (Defra)]

Sent: 14 February 2014 10:59

To: [REDACTED (NO 10.)]; Evans, Huw

Cc: [REDACTED (ABI)]; [REDACTED (Defra)]

Subject: RE: Leaseholder lines [UNCLASSIFIED]

[REDACTED (NO 10.)], Huw,

[REDACTED (ABI)] and I have just discussed this. We're agreed that the line is fine to use (it's true that this is possible) but would just note that it's pretty rare, so is likely to be the exception rather than the norm. Hope that helps.

[REDACTED (DEFRA)]

From: [REDACTED (NO 10.)]

Sent: 14 February 2014 10:54

To: [REDACTED (Defra)]; huw.evans@abi.org.uk

Subject: Leaseholder lines [UNCLASSIFIED]

Importance: High

[REDACTED-OUT OF SCOPE]

From: [REDACTED (Defra)]

Sent: 27 February 2014 18:46

To: [REDACTED (ABI)]; [REDACTED (ABI)]; [REDACTED (ABI)]; [REDACTED (ABI)];

Cc: [REDACTED (Defra)]; [REDACTED (Defra)] [REDACTED (Defra)] [REDACTED (Defra)]
[REDACTED (HMT)]; [REDACTED (HMT)]; [REDACTED (HMT)];

Subject: Protect - Progressing issues in the absence of a steering group meeting

[REDACTED (ABI)]; [REDACTED (ABI)]; [REDACTED (ABI)]; [REDACTED (ABI)];

In the absence of having a steering group this week, I thought it might be useful to pick up on a few of the issues we've had bilateral discussions on at various points of the week.

[REDACTED – out of scope]

Draft letter from Otto to the SoS on SMEs and the leasehold sector

Just a gentle reminder that it would be helpful to see a draft tomorrow. If you were happy, once sent, we'd like to share it with Peers who have expressed interest in the leaseholder and SME issue.

[REDACTED – out of scope]

I think that's all for now.

Regards

[REDACTED (Defra)]

