

Flood risk and insurance: A roadmap to 2013 and beyond

Final report of the flood insurance working groups

December 2011

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Executive Summary

Insurance plays a key role in flood risk management. The Government has an agreement with the insurance industry, called the 'Statement of Principles', that commits insurers to continue to offer insurance to existing customers where they are at significant risk and where the Environment Agency has announced plans and notified the Association of British Insurers of its intention to reduce that risk within five years. The current agreement is due to end in 2013 and Defra is committed to ensuring that flood insurance remains widely available in England after this point.

Defra hosted a Flood Summit in September 2010 to discuss flood risk management and the challenges involved in flood insurance. Three working groups continued the dialogue on flood insurance and risk reduction and reported back on progress in an interim report in May 2011 and at a follow-up meeting in July 2011.

At the meeting in July 2011, Environment Secretary Caroline Spelman addressed insurance providers, community groups and other partners on the need to ensure flood insurance remains widely available in England once the Statement of Principles ends. Delegates listened to updates on the progress of the three working groups and heard about some of the options being considered for flood insurance beyond 2013.

This report provides a summary of the findings of the working groups, including the recommendations of each of the three groups.

Working Group 1 identified options for managing the financial risks of flooding after 2013. The Group agreed a set of common principles and tested options against those principles. It gathered evidence, listened to perspectives from community groups, insurers, local government and other experts. Building on the work of Working Group 1, Defra and HM Treasury are continuing to seek views with the aim of reaching a decision on the role of private insurance after 2013 in the spring of 2012.

Working Group 2 provided a forum to identify issues and suggest improvements to the way that flood risk information is provided and shared. Its aim was to ensure that information on flood risk is transparent and available to all.

Working Group 3 focused on resistance and resilience measures that individuals could use to reduce their flood risk. The Group considered how resistance and resilience measures could reduce risk, reducing the barriers to the take-up of resilient repair and how such measures could be better promoted and communicated.

The working group process highlighted the importance of Government working in partnership with other organisations and the benefits of a collaborative approach on the important issue of flood insurance.

Introduction

Insurance plays a key role in flood risk management, and the UK is unusual in having the majority of domestic and business flood damages borne through a competitive insurance market, albeit with a history of cross-subsidisation between policy holders. The voluntary Statement of Principles¹ agreement between Government and the Association of British Insurers (ABI) is due to run until 30 June 2013. Under the agreement, insurers provide cover to almost all properties other than where risks are significant and there are no plans in place to manage the risk within five years. The agreement also does not apply to new properties built since January 2009.

Defra hosted a Flood Summit in September 2010 to discuss the role of flood insurance in flood risk management in the run-up to 2013 and beyond. Eight keystones emerged from the Summit, setting the direction for further work.

Flood Summit Keystones

- A shared approach and engagement with local communities is the only way forward
- Insurance cover for flooding should continue to be widely available
- Insurance policies should reflect flood risk, including resilience and efforts by individuals to limit their own damage
- Action by Government, communities, individuals and businesses to reduce flood risk is the best way of keeping insurance terms affordable
- The take up of affordable insurance by low-income households should be encouraged
- Information on flood risk should be more transparent and available to all
- There should be a timely and transparent service for those going through a flood insurance claim
- The link between planning and flood risk management is recognised

¹ The Statement of Principles is available at www.defra.gov.uk/environment/flooding/funding-outcomes-insurance/insurance

Three working groups were formed to continue the dialogue on flood insurance and risk reduction within the framework of the keystones as part of a roadmap to 2013 and beyond. These were:

Working Group 1: The financial risk from flooding

Working Group 2: Data provision and transparency

Working Group 3: Customer experience and perspectives towards property-level resistance and resilience

The working groups were made up of representatives from Government, the Environment Agency, the insurance industry and organisations with expertise or an interest in the issues being discussed. The groups were chaired by officials from Defra and HM Treasury. A list of the organisations that participated in the working groups is at Annex A.

The working groups met regularly between December 2010 and July 2011, reporting back on progress in an interim report in May and at a follow-up meeting of the Summit group in July. This report sets out the discussions and work of each of the three working groups as well as actions and next steps in the work to ensure flood insurance remains widely available in the future.

Working Group 1: The Financial Risk from Flooding

Introduction

The objective of Working Group 1 was to produce a series of recommendations and options for covering flood risk in the future, with the overall aim of ensuring that flood insurance remains as widely available and affordable as possible.

Of course, the insurance sector helps to manage the financial risk of flooding but it does not control the level of this risk. It is important to note that flood risk management and planning policy have a role in determining the costs of flooding.

Summary of Work

What problem needs to be addressed?

The ending of the Statement of Principles on 30 June 2013 is not the only change expected in the market for flood insurance. Some adjustments, such as a predicted unwinding of the cross-subsidy currently observed between those at low and high risk of flooding, are not directly caused by the ending of the agreement. Others, most significantly changes to flood damage caused by climate change, would affect the price and availability of this insurance, even if the agreement were to continue. Therefore, the Group agreed that any outcomes of the working group process should reflect the wider context, rather than merely seek to replace the Statement of Principles.

The Group agreed that the primary problem in the future will be the affordability, rather than the availability, of flood insurance premiums for households and small businesses. There are two main causes of this:

- (i) As the level of cross-subsidy in the market decreases there will be a small benefit for many and a potentially large cost for a few homes at high risk of flooding. There should be further analysis done to quantify the size of these costs and benefits and who receives them.
- (ii) Climate change means that the frequency, severity and type of flooding will change. The impact of this flooding on the cost of insurance premiums will depend on both the success of flood defences in preventing damage and the extent to which properties are vulnerable, i.e. the number of properties that are built in high-risk areas. Account should be taken of the risk presented by surface water flooding, including how the pattern of future development affects run-off of surface water. The resulting rising costs of repair are likely to create an upward pressure on premiums across the board.

Combined, these effects are likely to result in premium increases for those at the highest risk unless steps are taken to manage exposure. This will be harder to bear for households on lower incomes so further analysis should be undertaken to show which people, and how many, will be uninsured or under-insured as a result.

It is difficult to predict the extent of any problems with availability of cover as these depend on reactions of the market. However, it is far more likely that households will go without cover because they can't afford it than because there is not an insurer willing to provide it.

Future analysis should look to identify and quantify the specific communities or income groups who might require support as a result of these changes. This is crucial in informing decisions about how and if interventions in the market for flood insurance should address the problem. It will also be important to understand over what timescale changes will take place.

The Group has identified several possible secondary consequences of reduced levels of flood insurance. They include mortgageability, and increased economic cost of flooding as well as health and welfare implications. These should be included in any assessment of the value of Government action.

What would a good future market look like?

At an early stage, the Group agreed a set of principles against which to assess the success of any measures to address the problems identified above. However, the group note that any one scenario is unlikely to perfectly fit each of these principles and that there are trade-offs between them.

Principles

1. Insurance cover for flooding should be widely available.
2. Flood insurance premiums and excesses should reflect the risk of flood damage to the property insured, taking into account any resistance or resilience measures.
3. The provision of flood insurance should be equitable.
4. The model should not distort competition between insurance firms.
5. Any new model should be practical and deliverable.
6. Any new model should encourage the take up of flood insurance, especially by low-income households.
7. Where economically viable, affordable and technically possible, investment in flood risk management activity, including resilience and other measures to reduce flood risk, should be encouraged. This includes, but is not limited to, direct Government investment.
8. Any new model should be sustainable in the long run, affordable to the public purse and offer value for money to the taxpayer.

Assessment of options as considered so far

Initial discussion and research into international models for flood insurance led to the group focussing its discussions on four key areas. So far the group has not explicitly allocated any prioritisation or ranking between them. They are:

1. What would happen if the market is left to adjust naturally? This has sought to identify the exact nature and extent of any problem which needs to be addressed.
2. Means of improving access to the market for high-risk cover through education and signposting.
3. The role of local authorities and how they might be able to work, independently or with insurers, to incentivise take-up.
4. The benefits and possible workings of pooling models which result in a subsidisation of the premiums of a set group of risks.

Options which have been given detailed consideration fit broadly into three themes, although these are not mutually exclusive:

Do nothing: The Statement of Principles expires without replacement and the market adjusts without any additional Government actions.

Facilitate: The Statement of Principles expires and market adjusts but a series of steps are taken to support the market. This includes improving education and signposting to ensure that insurance is more likely to be taken up where it is still available. The Group recommends that such actions are taken whatever other options are adopted.

Create a risk pool: This option contains the most variability but essentially sees a free market for insurance combined with subsidisation of part of the risk spectrum to ensure that cover is available and affordable. The key decision for Government is whether any risks should be subsidised in order to ensure an acceptable level of availability and affordability.

A key element of the Working Group's role was to assess these models against the eight agreed principles. The high-level conclusions of the Group can be summarised:

Model 1: Do Nothing

1. Widely available	2. Premiums reflect risk	3. Equitable	4. Does not distort competition	5. Practical and deliverable	6. Encourages take-up by low-income households	7. Investment encouraged	8. Affordable and value for money
Maybe	Yes	Maybe	Yes	Yes	No	Yes	Yes

Key strengths: Allows removal of existing market distortions, including the unwinding of the cross-subsidy and therefore removes significant distributional and equity impacts. Risk-based pricing of flood insurance is likely.

Key weaknesses: Leaves those at high risk with premiums that they may find difficult to afford as well as potentially damaging property values. Those at high risk may not understand why their premiums increase.

Implementation steps: None

Impacts: Minor decrease in costs of premiums for majority but very significant increases for small numbers at high risk probably leading to decreasing insurance take up in some economic groups.

Model 2: Facilitate

1. Widely available	2. Premiums reflect risk	3. Equitable	4. Does not distort competition	5. Practical and deliverable	6. Encourages take-up by low-income households	7. Investment encouraged	8. Affordable and value for money
Maybe	Yes	Yes	Yes	Yes	Yes	Yes	Maybe

Key strengths: Works with both a competitive market and a role of Government to target assistance to those most at need.

Key weaknesses: Uncertain effects and resources required

Implementation steps: Develop a forum for key stakeholders, local government, insurers, and Government, to develop a roadmap of specific actions. Some actions are already in train.

Impacts: Possibly highly localised as dependent on local engagement and therefore possibly leaving small groups exposed. Potentially an increase in take up of insurance by low income groups in at risk properties and the development of a healthy specialist flood insurance industry.

Model 3: Create a risk pool

1. Widely available	2. Premiums reflect risk	3. Equitable	4. Does not distort competition	5. Practical and deliverable	6. Encourages take-up by low-income households	7. Investment encouraged	8. Affordable and value for money
Yes	Maybe. Size and targeting of subsidy will determine how closely premiums reflect risk	Maybe	Maybe	Maybe	Yes	Yes	Maybe

Key strengths: Allows insurance market to unwind from current distortions but without dramatic negative consequences for existing high risk policy holders.

Key weaknesses: Funding the pool may be extremely complex and challenging. The level of funding required may therefore be difficult to predict. Where views on the acceptable level of the subsidy change it may be difficult to adjust the pool to reflect this. Administrative costs may not provide value for money.

Implementation steps: Further extensive modelling, legislation to establish pool.

Impacts: Dependent on funding source and level of premium required for entry to pool but potentially small reduction in premiums for many but affordable insurance still available to those most at risk.

The group have prioritised the above options in so far as these have been discussed in detail. However, other potential responses have not been ruled out, and it is important to ensure that all realistic options have been fully considered ahead of any final decision being made. For example, the group did not consider whether there are ways of directly targeting support to those who face problems with insurance without using the insurance market as a means to deliver this support.

Several issues remain to be considered more thoroughly. For example, it should be ensured that further analysis looks at the impacts on small businesses as well as households.

While this work should be ongoing, Government should ensure that any proposals are developed in time to address changes in the market when they occur.

Summary of actions

The Group has identified several areas where further work and analysis is required, particularly to estimate the number of households that may find flood insurance difficult to afford and the effectiveness of a risk pooling approach. In addition, the Group have recommended several positive actions and further steps to ensure that flood insurance in the future will continue to be widely affordable and available:

1. The British Insurance Brokers' Associations (BIBA) has worked with the Group to produce a guide, including 'top tips' for those who are struggling to access flood insurance.
2. A similar signposting guide will be produced for insurers to encourage them to signpost effectively for those who are struggling to find cover.
3. An agreement should be developed which ensures that industry signposting follows best practice.
4. The Government will look at further ways to encourage take up of insurance by low-income households, including the potential of insurance-with-rent schemes for social housing.
5. The Government will decide whether a pooling model represents value for money. Work will be undertaken to:
 - i. Assess mechanisms for entry to the pool, particularly bearing in mind the relationship between equity considerations and administrative costs
 - ii. Assess level of subsidy required and what pooling approach best represents value for money
 - iii. Decide whether there are better mechanisms for delivering a subsidy which achieve the same end
6. Work should be undertaken to look at ways local authorities can take insurability into account when developing their flood risk management strategies.
7. Analysis should be undertaken to give an idea of the pace of any changes in the market for flood insurance and to quantify the extent of their impacts.

Working Group 2: Data provision and transparency

Introduction

Working Group 2 looked at the issues of data provision and transparency. It provided a forum to identify issues and suggest improvements to the way that flood risk information is currently provided and shared, and to raise awareness of its availability.

The Group agreed that easily understandable, accessible and fit-for-purpose flood risk information is a cornerstone of an effective flood risk management system. It:

- Underpins decisions by Government on investment and deployment of resources
- Allows public scrutiny of those investment decisions
- Helps insurers to price flood risk appropriately
- Empowers individuals and communities to understand their flood risk and the steps they can take to reduce their flood risk.

Five aims were identified to structure the work of the Working Group. These are set out below, followed by information on what was achieved and actions for the future.

1. To better, and more quickly, reflect flood risk in insurance policy terms
2. To investigate ways that insurers can share flood extent and claims data with the Environment Agency
3. To make flood risk information easier for the public to use and understand by:
 - a. Better communicating flood risk through existing routes
 - b. Explaining how flood risk information from different sources fits together and where people can find it
 - c. Evaluating future ways of categorising and communicating flood risk
4. To evaluate the potential of crowd-sourcing methods for the sharing of flood information
5. To evaluate alternative arrangements for the provision of flood risk data in England.

Background

A history of flood risk mapping

The first national scale mapping of flood risk was initiated by the National Rivers Authority in 1994. By 2003 studies were completed at 821 'hotspot' locations. The first web-based flood map, an 'indicative floodplain map' was first published on the internet in November 2000 and updated in 2002.

In July 2003 the Environment Agency published its first five-year flood mapping strategy which included: Flood Zones to meet the requirements of Planning Policy Guidance 25 (later Planning Policy Statement 25) in England and Technical Advice Note 15 in Wales; a new

Flood Map to provide an indication of the current risk of flooding to areas in England and Wales; and a historic flood map.

Since 2004 the Environment Agency has published the Flood Map on their *What's in Your Backyard?* website which is updated quarterly and has made results of the National Flood Risk Assessment (NaFRA) directly available to insurers through a licensing agreement.

The Pitt Review of the summer 2007 floods recommended that the Environment Agency, supported by local authorities and water companies, should urgently identify the areas that are at highest risk from surface water flooding. As part of its strategic overview role, the Environment Agency made available to Lead Local Flood Authorities (LLFAs), local planning authorities and local resilience fora, two types of map showing surface water flood risk. Pitt Review recommendations on the mapping of reservoirs have also been completed.

The Environment Agency remains an important provider of flood risk information although there will be an increasing number of sources of flood risk information under the Flood and Water Management Act (2010) and the Flood Risk Regulations (2009). Under the Regulations the Agency is responsible for assessing, mapping and planning to reduce flood risk from main rivers, the sea and large reservoirs. Lead Local Flood Authorities are responsible for all other sources of flood risk and combined flood risk, although the Regulations require the Environment Agency to publish the outputs. Other authorities responsible for flood risk management, such as water and sewerage companies, will play an increasingly important role and hold important data on flood risk.

Insurers' use of flood risk data

Insurers rely on a range of data sources to build up a picture of flood risk. Most insurers in the household and small business markets use information from NaFRA for fluvial and coastal risk, supplied by the Environment Agency under licence.

Insurers may also make use of commercial flood models or information that they have developed internally, as well as other Environment Agency data. Some insurers also carry out bespoke analyses of local flood risk, using mapping and report-based information, particularly when underwriting large properties.

Insurers in the UK make decisions on risk selection and pricing with the aid of national flood models and are mindful of the Statement of Principles and other market practices. However individual insurers will often take distinct approaches to flood risk. For example underwriting decisions may be influenced by an insurer's strategic approach and risk appetite, or by the need to minimise accumulated exposures to large weather events.

Summary of work

1. Flood risk is better and more quickly reflected in insurance policy terms

Background

Flood risk management is not just about Government activity, but should also include action taken by individuals, communities and businesses. The Working Group agreed that there would be more of an incentive for individuals, communities and organisations to invest in flood risk management activity if they were likely to receive a financial benefit and that action should be taken to make this happen.

At present there is no guarantee from insurers that risk management activity will result in greater availability of cover and improved insurance policy terms

Discussion

The Working Group identified three barriers to better and swifter recognition of flood risk in insurance policy terms:

- The cross subsidisation of insurance for properties at high-risk of flooding² means that many householders living in those properties may not be paying a price which reflects the risk. It is therefore difficult for insurers to offer further reductions unless the risk insured is reduced below the level reflective of the current premium charged.
- The completion of large-scale community defences and resulting risk reduction to properties may not be feeding into insurance policy terms as quickly as it could.
- There may be community or individual risk-reduction activity and highly-localised topography which has a significant impact on the flood risk to a property but is difficult for insurers to incorporate into their underwriting.

On the cross-subsidisation of insurance for properties, it was recognised that if flood risk was *better* reflected, this could lead to the cost of policy terms increasing as well as decreasing. The Group agreed that this was a more preferable situation to that at present, even if it did lead to increased premiums for some, as it would provide an incentive for all individuals to manage their own flood risk.

On risk reduction feeding into insurance policy terms, there have already been significant improvements in systemising the licensing and transfer of data between the Environment Agency and licensees (generally insurers), including a data-sharing website to provide NaFRA updates as downloads. Issues do remain with insurers' ability to regularly and quickly incorporate new information into their pricing models.

Members of the Group raised issues with the way updates to NaFRA are handled, and identified that it sometimes took years for the impact of completed projects to feed through into NaFRA. This meant that insurance companies were sometimes using incomplete and out-of-date information to assess flood risk. The Environment Agency agreed to investigate whether a timetable for updating NaFRA with new scheme information could be introduced.

It was also suggested that the Environment Agency could communicate details of the geographic locations of updates to NaFRA in advance of them appearing on the dataset. This would at least mean that insurers would be aware of areas where the likelihood of flooding may have changed.

The Group discussed the effect of risk-reduction activity at a local or community level, and the effect that local topography could have on flood risk. The Group heard about the Environment Agency's letter-writing service, in which flood risk for the area surrounding an individual property can be set out. This can be useful for individuals to provide insurers with information over and above that which they already have access to, such as where a flood defence has been built but has not yet appeared on NaFRA.

The Group recognised that there needed to be increased awareness amongst insurers and members of the public of this service. It was also agreed that it would be helpful for insurers

² 'Under-pricing of the flood element of home insurance for domestic customers at significant risk'. Association of British Insurers. September 2010.

to promote the service to their customers, so that any more up-to-date information could be sources and provided to insurers.

The Group also considered how barriers to incorporating local information, including information on property-level protection, into insurers' underwriting could be reduced. This was looked at in more detail by Working Group 3.

The Environment Agency will continue to work to ensure that NaFRA is updated as soon as possible after flood and coastal defences are completed.

1. The Environment Agency to investigate whether they can communicate details of the geographic locations of NaFRA updates to insurers in advance of them actually appearing on the dataset.
2. The Environment Agency to investigate whether a timetable can be introduced, according to which updates will be shown on the online NaFRA map and the NaFRA dataset that is shared with insurers.

Defra officials and ministers have already started to promote the Environment Agency's letter-writing service in their correspondence with MPs and members of the public, and it was agreed that other members' organisations should do the same.

Information about the letter-writing service has also been included in the flood risk information factsheet produced by the Working Group and soon to be published on Defra's website (see page 16 for further details).

3. Defra and all Working Group 2 member organisations to promote the Environment Agency's letter-writing service when responding to correspondence from MPs and members of the public regarding assessment of flood risk.

The Working Group agreed that Defra should commission a research project to look at how localised flood risk information, including information on property-level protection, can be more easily incorporated into insurers' underwriting. Some members of Working Group 2 will sit on the project board for this project, which will go out for tender in the autumn.

4. Defra to commission a research project to look at incorporating localised flood risk information into insurers' underwriting and to set up a project board including members of Working Group 2.

The members of the Working Group will continue to work on the actions identified above to reduce the barriers to flood risk being better and more quickly reflected in insurance policy terms.

2. Investigation of the ways that insurers could share flood extent and claims data with the Environment Agency

Background

The Environment Agency works to improve and calibrate its flood risk models and targets individual properties for flood warning or to promote property-level protection. This work may be improved by tapping into data sources held by insurers, for example on the location, date and nature of flood claims. At present insurers do not provide any information to the Environment Agency.

Discussion

The Working Group discussed different options for ways in which insurers could share flood extent and claims data with the Environment Agency. The ABI and Environment Agency representatives on the Working Group worked together to test the feasibility of insurers providing raw flood data to the Agency, however this proved difficult due to Freedom of Information and competition law concerns.

Actions and next steps

The ABI and Environment Agency will continue to work together to explore the possibility of sharing flood extent and claims data and try to overcome legal obstacles.

5. The ABI and Environment Agency to continue to work together towards sharing flood extent and claims data.

3. Flood risk information is easier for the public to use and understand

Background

The provision of flood risk information enables individuals and communities to better understand their flood risk. This can empower them to take a role in managing their own risk and involve themselves in decisions on flood risk management in their communities.

Flood likelihood information has built up over the years on a piecemeal basis, with different information and products provided for different sources of flooding, and for different purposes. This means that such information can be seen as inaccessible and difficult to understand.

The Environment Agency is responsible for mapping tidal and fluvial flood risk, and the risk of flooding from reservoirs, and makes maps derived from its data available on the 'What's in your Backyard?' website.

Different organisations are responsible for other flood risk information. For example, Lead Local Flood Authorities are responsible for mapping surface water flood risk (although the Environment Agency must publish this information) and water companies are responsible for the risk of flooding from sewers. These organisations often do not make their data easily accessible to members of the public as a matter of course.

The wide range of organisations responsible for flood risk information and the different ways that it is made available (if at all) can be confusing. As a result it is often difficult for individuals to access or understand flood risk information and make the most of it in managing their own risk.

Discussion

The Working Group recognised that many organisations, including local authorities and water companies, have responsibility for different types of flood risk information, although the main source of information is the Environment Agency. Under the Flood Risk Regulations, the Environment Agency also has a duty to publish flood risk information from other sources.

The Group agreed that having so many organisations providing different types of flood risk information was confusing for the consumer and discussed methods of bringing all types of information together and making it easier to understand.

In particular, the Group discussed surface water flood risk mapping including whether a national-level, coordinated surface water flood risk map should be made available. This would be in addition to the information provided through preliminary flood risk assessments by LLFAs. At present, mapping surface water risk is the responsibility of LLFAs and the information is not usually available for members of the public to access easily.

Another problem identified is that the flood risk information that people do usually know about and access can be difficult to understand. The Environment Agency makes maps showing tidal, fluvial and reservoir flood risk available on its *What's in your Backyard?* site, but the Group identified that this could be difficult to use. It was agreed that flood risk information could be made clearer and simpler using a consistent scale, with key probability thresholds. This builds on the approach in catchment flood management plans, meets the new requirements of the Flood Risk Regulations, and supports risk assessment under the Civil Contingencies Act (2004).

Future risk assessment could be based on this approach, making comparisons and totals across different sources of flooding easier and ensuring a consistent understanding of risk. This could form the basis of a better way to communicate risk by all risk management authorities and other partners.

The Group also discussed the use of the word 'risk' to describe what it usually only probability or likelihood of flooding. It was agreed that there should be a move towards using the word 'likelihood' instead of 'risk', where appropriate, or where 'risk' is used it should be made clearer what this means.

In particular, the Working Group considered further ways in which the availability of flood risk information could be improved on the *What's in your Backyard?* website. Suggestions considered by the Group included the following:

- Integrating surface water flood risk mapping onto '*What's in your Backyard?*'
- Making it clearer whether one is viewing flood risk without defences or flood risk with existing defences
- Using a grid to aid users in understanding the resolution of the maps
- Including proposed schemes and the areas they will benefit on the maps
- Introducing more flood risk categories

- Increasing the size of the window in which maps are viewed
- Introducing the ability to toggle flood zones on and off
- Including information about who the lead local flood authority is for a particular area and therefore who to contact for information about surface water risk

The Environment Agency listened to these suggestions and has already implemented a number of them. It has also made significant improvements in the communication of flood risk, through the *What's in your Backyard?* website. This has included increasing the number of zoom scales with a new maximum zoom scale of 1:10,000 and introducing another layer of background mapping. The Environment Agency is working to improve the accessibility and availability of its flood risk information and will involve Defra in this work.

Actions and next steps

The Working Group put together a factsheet to bring information about all the different types of flood risk information together and make it easier to use and understand (attached at Annex B). The factsheet is aimed at members of the public and sets out what flood risk information is available and where it can be found. It will soon be published on Defra's website, linked to members' and other organisations. For the first time, this factsheet brings together all the different sources of flood risk information and informs the consumer about what information is available and where they can find it. The factsheet is owned and updated by Defra.

6. Defra to publish and maintain the flood and coastal erosion risk information factsheet, keeping it up to date and available for members of the public and other organisations to access.

The Environment Agency is to change the flood risk categories in NaFRA by December 2013 to meet the requirements of the Flood Risk Regulations. Environment Agency directors considered proposals on improving risk categorisation and communication and a revised framework may now be put in place earlier, to align with the first schemes moving into construction under Partnership Funding in April 2012.

Defra and the Environment Agency are setting up a project board to take forward the proposals on the communication of risk and Working Group members will sit on an advisory panel for this board.

The Environment Agency will continue to work closely with Defra to take the suggestions of the Working Group into account and improve the way that flood risk is categorised and communicated. The Environment Agency has already commissioned a research project to look at communicating local flood risk.

7. Defra and the Environment Agency to set up a project board to improve the communication and categorisation of flood risk, with an advisory panel including Working Group 2 members.

4. Evaluation of the potential of crowd-sourcing methods for the sharing of flood information

Background

During a flood or when working to reduce flood risk, individuals in the local area often have information that is not readily available to risk management authorities. Recent technological advances mean that individuals can capture and share information and data using web-based tools such as Google maps, Facebook or Twitter. This means that information about a flood can be shared faster and in different ways than before, which can lead to more community awareness and interest in flood risk.

There are already examples of this approach being used for floods. During the floods of July 2007, BBC Berkshire created an interactive flood map to record the event as it happened.

The Working Group agreed that crowd-sourcing methods for sharing flood information had potential and started to evaluate their possible uses for better flood risk management.

Discussion

The Working Group discussed a number of different 'crowd sourcing' methods for flood risk information:

- Use of websites such as 'Fix My Street' (www.fixmystreet.com) where people can report, view or discuss local flood risks to the relevant risk management authority.
- Community events to encourage those who have experienced flooding to share their stories with others
- Internet-based portals where individuals can share pictures, videos and information on previous flooding events
- A freepost address for members of the public to send information to, which would then be forwarded to the appropriate risk management authority

The Working Group agreed that any improvement in using crowd-sourcing applications for flood and coastal erosion risk management did not need to be a top-down process, but that work needed to be done to identify if there are barriers to individuals and communities using web-based tools, such as data protection issues.

The Group also agreed that there should be further exploration of ways that information from individuals could be linked with larger, existing datasets, such as recording water depths on flood risk maps when flooding occurs.

Stuart Clark from West Berkshire Council gave a presentation to the Working Group on the challenges and solutions to collecting and sharing flood risk information from a local authority perspective.

Actions and next steps

Defra will build on the discussions of the Working Group and the evidence presented to look at implementing crowd-sourcing methods for sharing flood risk information.

5. Evaluation of alternative arrangements for the provision of flood risk data in England

Background

Flood risk information in England is primarily provided by Government and maps showing fluvial and tidal flood risk, as well as the location of defences, can be viewed for free through the Environment Agency website. Licensing arrangements exist for customers, including insurers, to access the entire datasets.

Other risk management authorities, including lead local flood authorities, have responsibility for different types of flood risk. This includes surface water flood risk, for which maps will soon be available.

The Group recognised that there could be benefits in changing the way flood risk data is provided and discussed some alternative delivery arrangements.

Discussion

The Working Group heard a presentation on the US National Flood Insurance Program and discussed the key elements that could be introduced in England. The National Flood Insurance Program is a federal programme enabling property owners in participating communities to purchase flood insurance in exchange for implementing floodplain management regulations to reduce flood risk. There is no requirement for any community to join the programme, but if they do not, any areas at flood risk are not eligible for financial assistance.

Flood hazard maps are provided by the Government but are reviewed by communities to determine whether joining the National Flood Insurance Programme would benefit the community and its residents.

The Group recognised the following interesting elements of the US system:

- Individual community flood risk maps created for communities for free by the Government
- Incentives for communities to undertake flood risk management activities, in the form of flood insurance coverage
- Flood insurance rate maps can be updated with information from property owners
- Use of meaningful descriptions of flood risk. Flood likelihood is clearly described in terms such as, '1 percent chance of flooding in any year' or 'a 26 percent chance of flooding over the life of a 30-year mortgage'

Defra agreed to use the conclusions of the Working Group in its discussions on a future model of flood insurance with Working Group 1.

The Working Group also discussed the potential benefits and negative consequences of making the entire NaFRA dataset available to all, free of charge, and not subject to third party licence restrictions. In support of the proposal it was noted that:

- A free NaFRA dataset could be more easy to use with other formats such as Google Maps.
- NaFRA is paid for by the taxpayer, via Defra's grant to the Environment Agency, so the dataset could be made available to the taxpayer for free, including for commercial use.
- Individuals could use the data to produce many different and flexible tools, such as Apps.
- Such Apps or an interface with Google Maps could improve the ordinary consumer's understanding of their flood risk and could be easier to use than the current maps on the Environment Agency's website.
- People might more easily be able to find out about their flood risk online.
- Insurers and other businesses, such as estate agents, could have access to the most up-to-date Environment Agency flood risk assessments, free of charge and in a format that is most useful to their specific use.
- The Environment Agency could save money as it might not have to respond to so many individual requests for detailed flood risk information.

Against the proposal, it was noted that:

- Making the NaFRA dataset available for free could have a negative impact on private companies who specialise in producing and selling flood risk information.
- There are some restrictions on licensing the NaFRA dataset for not charge because some information is provided by third parties under licence.
- It could run counter to the argument that a 'one stop shop' is needed for flood risk information, in order to reduce confusion for members of the public. It could be difficult for people to know where to go to get the 'official' data.
- The Environment Agency would still need to respond to individual requests for detailed local information as it would be difficult to make the detailed local knowledge involved in mapping available automatically.

Actions and next steps

Following on from the discussion and evaluation for different options for the provision of flood risk information, Defra will work with the Environment Agency to make flood risk datasets more transparent and accessible.

8. Defra and the Environment Agency to work together to make flood risk datasets more transparent and accessible.

Summary of actions

1. The Environment Agency to investigate whether they can communicate details of the geographic locations of NaFRA updates to insurers in advance of them actually appearing on the dataset.
2. The Environment Agency to investigate whether a timetable can be introduced, according to which updates will be shown on the online NaFRA map and the NaFRA dataset that is shared with insurers.
3. Defra and all Working Group 2 member organisations to promote the Environment Agency's letter-writing service when responding to correspondence from MPs and members of the public regarding assessment of flood risk.
4. Defra to commission a research project to look at incorporating localised flood risk information into insurers' underwriting and to set up a project board including members of Working Group 2.
5. The ABI and Environment Agency to continue to work together towards sharing flood extent and claims data.
6. Defra to publish and maintain the flood and coastal erosion risk information factsheet, keeping it up to date and available for members of the public and other organisations to access.
7. Defra and the Environment Agency to set up a project board to improve the communication and categorisation of flood risk, with an advisory panel including Working Group 2 members.
8. Defra and the Environment Agency to work together to make flood risk datasets more transparent and accessible.

Working Group 3: Customer experience and perspectives towards property-level resistance and resilience

Introduction

The purpose of Working Group 3 was to contribute to a roadmap to take us up to and beyond the expiry of the Statement of Principles, focussing on issues related to customer experience and perspectives on property-level resistance and resilience.

Property-level resistance and resilience measures can have a role to play in reducing the risk to properties from flooding, the damage that floodwater can cause, the time out of a property and the stress experienced by those who are flooded.

Summary of work

When are resistance and resilience measures appropriate?

Property-level resistance and resilience measures do not offer the same level of protection as traditional flood defences. They will only be effective against lower level floods (typically 600mm depth – although more costly ‘skirt’ systems are available which can protect to a greater depth). Research by Defra suggested that property-level resistance and resilience became cost effective at a flood risk of between 1 in 50 and 1 in 25, depending on the precise measures being installed. However the costs and benefits vary from property to property, making it difficult to draw general conclusions about the circumstances in which they will be appropriate.

As the market develops, the costs and range of products available is changing rapidly, meaning that it may be appropriate to review this evidence in light of the Defra property-level grant scheme. An important point raised in the Working Group was that for some householders, the main driver for installing property-level protection was peace of mind rather than future savings. For this reason, some residents may be keen to install property-level measures even where the economics suggests this is not cost beneficial.

In the past, resistance measures were reliant on a flood warning system being available and on residents being capable of taking action to put in place flood boards and other measures before the onset of flooding. Over the past year, ‘fit and forget’ measures have become more popular, such as flood-proof external doors. Two such products recently received kitemark standard. These measures require little or no active intervention by the resident so may be particularly useful in areas where it is difficult to predict flooding in advance, or for elderly or disabled householders. They may also be preferred by householders because they do not require storage space and may be more aesthetically pleasing.

Current take up of resistance and resilience measures

Under the property-level grant scheme, 1,109 households received resistance measures. The grant scheme was oversubscribed by a factor of 10, suggesting that there are at least another 10,000 properties in England that would be suitable for these measures. A subsequent scheme run by the Environment Agency this year received eligible applications covering 2,372 properties, of which schemes covering 595 were funded.

The grant scheme was originally only available in areas where flood warnings were in place with sufficient lead times to enable defences to be mounted. However, with ‘fit and forget’

measures becoming more common, property-level resistance could be applicable in a wider range of areas than was previously the case.

It is difficult to estimate numbers of households that may have funded their own resistance and resilience measures. Research carried out by Defra in very high risk areas in Leeds and Appleby suggested that a number of households had put in place homemade resistance and resilience measures. There was also strong interest in resistance and resilience in Cumbria following flooding in 2009. The Cumbria Community Foundation has so far provided 240 small grants for resistance and resilience measures, with the final figure expected later in the year.

Barriers to greater take up of resistance and resilience measures

The Working Group identified a range of barriers to greater uptake of resistance and resilience measures. The group also identified situations in which householders had refused property-level measures of resilient repairs that were offered free of charge. There was experience of this from Defra's property-level grant scheme, as well as in a trial carried out by an insurer in which householders were offered resilient repair at no extra cost. Experience from the Defra grant scheme suggested that main reasons for refusing property-level measures were:

- Reluctance to draw attention to flood risk due to impact on house prices
- Householders believed they would have moved on before it happened again
- Reluctance to engage with authorities
- Denial of flood risk.

Wider barriers identified were:

- Lack of awareness or understanding of flood risk
- Lack of awareness of property-level protection measures and the benefits they could provide
- Confusion about the best product in a complex and rapidly-changing market
- Householders feel they lacked expertise to decide what measures to use or to judge whether they were a worthwhile investment
- Lack of trust in property-level measures – people were not convinced that they would work
- Reluctance to invest because managing flood risk not a priority, or seen as 'the Government's job'
- Reluctance to invest because occupant expected to move house
- Resilient repair could extend the time taken to reinstate a property
- Lack of funds, especially for low-income households.

Flood insurance cover and resistance and resilience

The UK insurance industry currently provides insurance against flooding as a standard feature of buildings and contents insurance. In many cases, household insurance premiums do not reflect the actual flood risk to properties. The cost of some major floods has been shared between the premiums of all customers to ameliorate the effect on those that have suffered the losses. However, as understanding of flood risk improves so will the ability of insurers to price this risk more accurately.

As things stand, therefore, those customers who are not at risk are frequently subsidising those at risk, by paying higher premiums than would otherwise be the case. It is therefore difficult for insurers to provide financial incentives, through insurance premiums and excesses, to promote resistance and resilience as in many cases the premium will not reflect the high risk of flooding to the property. This may change as the insurance market moves towards more risk-based pricing in future.

Mainstream insurers will generally insure properties in flood risk areas, and will normally continue to provide cover for properties following a flood, albeit that this may be at a higher price. Mainstream insurers may however refuse to take on new properties with a flooding history or in an area deemed to be at significant flood risk. There are specialist brokers and insurers who specialise in insuring properties at high flood risk, who can provide cover in the vast majority of cases. However, the general public may not be aware of these options, particularly if they rely on price comparison websites which will tend only to show products from mainstream insurers.

How can resistance and resilience measures help people access affordable insurance?

Resistance and resilience measures can avoid the need to claim, or reduce the value of any claim made, which can help maintain access to mainstream insurance. Some insurers already take into account resistance and resilience measures when providing insurance to large commercial or public customers. For homes, some insurers specialising in domestic properties at high flood risk will take account of resistance and resilience measures that are installed to reduce the effects of flooding. However this is not common and there is no consistent, widely-accepted mechanism for measuring the risk of a protected home, compared to one that has no protection. Still, this approach can offer properties at very high risk and with a history of flooding, access to insurance.

How could this change in the future?

It is possible that in the future, insurers will routinely ensure that the flood risk to a particular property is reflected in the premium, meaning higher premiums for properties in flood risk areas. These issues were discussed by Working Group 1. If the market did develop in this way, an increase in specialist insurance options for properties at high risk, including greater recognition of resistance and resilience measures, is expected to occur. However there are a number of steps that could be taken to help insurers better understand the impact of resistance and resilience measures, and to promote resistance and resilience to householders at flood risk (described further below).

The case for Government intervention in resistance and resilience

The Working Group discussed the case for and against Government assisting, encouraging, or even compelling, householders and businesses to put in place resistance and resilience measures.

Key arguments in favour of intervention were:

- If appropriately targeted at high-risk areas, resistance and resilience measures could reduce levels of flood damage in a cost-beneficial way
- There is a low level of awareness of both flood risk and of property-level measures, meaning that take up is unlikely to increase without Government action
- Low-income families often do not insure their homes, so the incentive that might be provided by a higher premium does not exist.

Key arguments against intervention were:

- It would require buy in from the householder. If a person has no financial stake in the measures, or if they do not want them, they may not use them or may remove them, meaning a wasted investment
- Householders should have the final say over measures that affect the appearance of their home
- Householders and businesses should be free to decide whether or not to take steps to reduce the risk of flood damage
- Regulation (for example to require resilient repairs to flooded properties) would increase costs for all those reinstating homes, including the uninsured
- Property-level protection is new and growing, and therefore it is too soon to conclude that take up will not occur without Government intervention.

Overall, the Group felt that there was a case for Government to make some investment in property-level measures where they provided a cost-effective solution to managing flood risk, and to raise awareness of property-level measures in very high risk areas. However, the Group did not feel there was a strong enough case for regulation, because this would increase costs for all (including the uninsured) and because investment could be wasted if householders did not want the measures and modified or removed them.

Developing understanding of the impact of property-level measures

The Group agreed that it was important to continue to develop understanding of the impact and effectiveness of property-level measures, including by monitoring the success of measures installed under the property-level grant scheme. This could provide stronger evidence on the types of measures likely to provide greatest benefits and the situations in which they could be most appropriate. It could help insurers to take account of property-level measures in insurance premiums in the future. A better understanding of the costs and benefits of property-level protection would also help inform future funding policy.

The Group discussed the possibility of assigning a 'standard of protection' to resistance measures. In many cases it would be difficult to assign a standard of protection to property-level measures because of a lack of robust data on flood risk at individual property level. A project will be initiated, led by Working Group 2, to explore how improved property-level data could be gathered, and will consider how this could be used to develop a 'standard of protection' for property-level measures.

The Environment Agency also has work in hand to explore this issue further. It is trying to attain a 1-in-75 standard of protection under this year's property-level grant scheme, and pilots in the Lower Thames area will aim to meet a 1-in-100 standard.

The Group agreed that while it would probably not be possible to assign a standard of protection in all cases, it may be possible in some cases, and would be worth further exploration. A subgroup has been set up to take this forward.

Defra, the Environment Agency and insurers need to continue to work together to share evidence and learning about the effectiveness of resistance and resilience measures, for example promoting a standard of protection for measures, to give insurers confidence to better account for these measures in future.

Actions and next steps

1. Members of the Working Group to work towards developing a 'standard of protection' for property-level measures through:
 - a. Setting up a sub-group to consider whether and how a standard of protection could be applied in practice, using examples from previous and current property-level grant scheme and from the Lower Thames flood risk management strategy. The sub-group will be led by Defra, with involvement from the Environment Agency, ABI and BIBA.
 - b. Defra commissioning a research project to improve property-level data and consider how it could be used to inform a standard of protection for property-level measures (see Working Group 2, action 4).

Levers

The Working Group considered the range of levers that were available to promote property-level measures and increase uptake where appropriate.

Funding

Defra has announced that in future property-level protection will qualify for funding under the new partnership approach for flood and coastal erosion risk management, rather than being dealt with via a separate grant scheme. In line with the principles of the new funding scheme, communities or individuals may need to make a contribution towards the costs of property-level protection if the costs are not fully justified for Government funding.

Actions and next steps

2. Defra and the Environment Agency to involve relevant Working Group 3 members in the evaluation of the property-level grant scheme and in developing policy on future funding of resistance and resilience.
3. Defra, the Environment Agency, ABI and BIBA to develop understanding of how a 'standard of protection' could be specified for property-level measures (see action 1).

Insurance

In the future, there could be potential to incentivise householders by recognising efforts they make to protect themselves. However, in order to do this, insurers would need confidence that resistance and resilience measures were effective and that their impact on reducing claims costs could be accurately quantified.

Actions and next steps

4. ABI and BIBA to work with Defra to develop evidence around effectiveness and impact of property-level measures, so that these measures may be taken into account by insurers in the future.

Resilient repair

The Group noted that installing resilience measures at the time when a property was renovated, for example following a flood, would be significantly more cost effective than installing them at a different time. However there were also the possible downsides of increased costs and a longer time out of the property.

The Group discussed the use of building regulations in addressing resilient repair take up. In the context of Government's aim to reduce regulatory burden, the Group considered whether there was a case for Government to regulate so that those in very high-risk areas were obliged to carry out resilient repairs. They concluded that although regulation would achieve a major increase in resilient repair, there were also drawbacks. There was not yet sufficient evidence for why other approaches were failing to result in a greater take up of resilient repair. Therefore the Group felt voluntary approaches such as information sharing and raising awareness should be pursued prior to considering whether Government should step in.

Defra proposed the idea of a resilient repair pilot, whereby recently-flooded households would be provided with expert advice on resilient repair and support in approaching insurers to discuss options. (NB. The pilot would not extend to funding the measures themselves.) This would be accompanied by research to understand attitudes to resilient repair and levels of take up, both before and after advice is given. The Group agreed to explore this idea further to see if it would be viable.

The National Flood Forum raised concerns over unintended obstacles in the reinstatement process, for example, builders may fear penalties from insurance companies if they delay the process, or where the occupier's views are not taken into account sufficiently by insurers and builders who are working to deadlines. The National Flood Forum was also concerned that where resilient repair occurred it should be done to an acceptable standard to ensure effectiveness against any further flooding.

Insurers agreed that it was important to tackle unintended obstacles, but noted that resilient repair could increase costs including, for example, by lengthening the time taken to reinstate a property, increasing costs of alternative accommodation. Some of these costs would need to be borne by householders. Insurers were responsible for ensuring that work they commissioned was done to specification, but they had not, in many cases, developed the requisite expertise on the effectiveness of particular resilient measures so could not offer guarantees that particular products would work. It was agreed that the National Flood Forum

and the ABI should further discuss specific examples of obstacles in the reinstatement process.

Actions and next steps

The Group did not recommend regulation to require resilient repair, but agreed instead to focus on raising awareness and information sharing.

5. The National Flood Forum and the ABI to discuss specific examples of obstacles to resilient reinstatement.
6. Defra to investigate scope and practicality for a resilient repair pilot project, in consultation with other Group members.

Planning

The Group felt that the current arrangements for ensuring new build was safe and resilient from a flood risk perspective were working reasonably well (although it was noted that there could be problems that the Group was not aware of that would only come to light as and when flooding occurred). Therefore, as planning systems were currently delivering insurable property, the Group did not feel an additional need for building regulations on flood risk for new build. The Working Group felt that the approach and safeguards within Planning Policy Statement 25 (PPS25) were a key driver for delivering insurable property. However, there was scope for more to be done in terms of transparency – sharing information about cases in which Environment Agency advice had not been followed.

Working Group 3 did not have sight of the draft National Planning Policy Framework as this was published after the Group concluded, so it was too early for them to give their view on whether it would sufficiently address flood risk for new developments, as PPS25 had.

The Group agreed that a reformed planning system should take account of the need for households and business to access insurance. It was agreed that the Department for Communities and Local Government (CLG), Defra and the Environment Agency would work with insurers during the consultation process and further working up of the policy to ensure their views were taken into account.

The Group also discussed further levers that could operate alongside the planning system to support appropriate flood risk management for new development. These included:

- Information provision – ensuring that those making purchasing decisions have access to information about flood risk and resilience measures incorporated within the property. A key element of this could be making Environment Agency flood risk advice, as well as the reasoning behind any decisions to go against Agency advice, clearly available to be accessed by potential purchasers and their solicitors as well as by insurers.
- The ABI has already produced guidance for new developers on flood risk but consideration could also be given to a scheme whereby new development in flood risk areas could be certified as being flood resilient to a specific level (e.g. 1 in 100) to aid risk-based insurance pricing and to make clear to future occupiers where resilient

features had been built in (e.g. where living accommodation has been placed on the first floor, to ensure future alterations do not unknowingly increase the risk).

- The group listened to a presentation from Hull City Council on their approach to refinement within flood zones and provision of locally-developed standing advice and planning conditions (as a lever to promote flood resilience in new development where needed). The Group agreed this might be a suitable tool for other local authorities to use.

Actions and next steps

7. Defra and CLG to reflect the comments of Working Group 3 in work on the National Planning Policy Framework (NPPF). Working Group members will have an opportunity to comment on the draft NPPF in a forthcoming consultation.

Communication

The Group agreed that there was little value in a Government communication initiative on resistance and resilience. However the Group felt it was important to agree who was responsible for communicating on resistance and resilience, proposing the following roles:

- **Environment Agency:** responsible for communications in high-risk areas, as part of its wider flood risk communications. Also responsible for communications with local authorities as part of the property-level grant scheme and future funding scheme.
- **Lead Local Flood Authorities:** responsible for communications with individuals in very high flood-risk areas, communicating with them as part of their wider role and also where they may be leading bids for property-level protection funding.
- **National Flood Forum:** communicating via community groups, in particular, supporting those recently flooded and making them aware of resistance and resilience options.
- **Insurers and loss adjustors:** responsible for communicating with flooded households and businesses immediately after a flood, making clear that the option of resilient repair is available and may be appropriate if they are at very high risk.
- **Local Government Group:** responsible for promoting sharing of information and best practice across local authorities.

The Group felt it was important that insurers / loss adjustors provided information at the right time and that community groups were likely to have a greater impact than Government initiatives. However, it was noted that identifying suitable measures for a particular property may require a survey by a competent professional, which may need to be paid for by the homeowner, as may any additional costs associated with resilient repairs.

Group members agreed text explaining the way that insurers take account of flood risk and resistance and resilience measures, to be shared with local authorities who are implementing the property-level grant scheme, to help them deal with queries on insurance.

The National Flood Forum and Chartered Institute of Loss Adjusters (CILA) are reviewing existing factsheets to come up with an improved post-flooding fact sheet which explains the

reinstatement process and the basis upon which loss adjustors seek to assist in resolving issues fairly and justly.

Local authorities would be important communicators on resistance and resilience, and it would be helpful if they could incorporate these messages into their communications on Preliminary Flood Risk Assessments (PFRAs). The Local Government Group portal would be an important means of sharing best practice and relevant documents.

The Environment Agency also plans to review the information it makes available on its website to take account of the findings of the Group.

Actions and next steps

8. Working Group 3 members to review the information they provide to the public and local authorities in light of the findings of the Working Group, in particular:
 - a. Local Government Group to use their portal as a means for local authorities to share information and access advice on resistance and resilience
 - b. Working Group 3 to link up with Lincolnshire project on resistance and resilience as a means of sharing case studies more widely
 - c. Insurers and loss adjustors to continue to make customers aware of resistance and resilience options post-flood, including through a new factsheet developed by CILA and the National Flood Forum
 - d. Environment Agency to review information available on its website.

Other issues discussed by the Group

Directing customers in high-risk areas to potential insurers

The Group agreed that where insurers declined cover on flood risk grounds they should point customers towards an organisation that may be able to provide cover (e.g. the BIBA helpline).

Summary of actions

1. Members of the Working Group to work towards developing a 'standard of protection' for property-level measures through:
 - a. Setting up a sub-group to consider whether and how a standard of protection could be applied in practice, using examples from previous and current property-level grant scheme and from the Lower Thames flood risk management strategy. The sub-group will be led by Defra, with involvement from the Environment Agency, ABI and BIBA
 - b. Defra commissioning a research project to improve property-level data and consider how it could be used to inform a standard of protection for property-level measures (see Working Group 2, action 4).
2. Defra and the Environment Agency to involve relevant Working Group 3 members in the evaluation of the property-level grant scheme and in developing policy on future funding of resistance and resilience.
3. Defra, the Environment Agency, ABI and BIBA to develop understanding of how a 'standard of protection' could be specified for property-level measures (see action 1).
4. ABI and BIBA to work with Defra to develop evidence around effectiveness and impact of property-level measures, so that these measures may be taken into account by insurers in the future.
5. The National Flood Forum and the ABI to discuss specific examples of obstacles to resilient reinstatement.
6. Defra to investigate scope and practicality for a resilient repair pilot project, in consultation with other Group members.
7. Defra and CLG to reflect the comments of Working Group 3 in work on the National Planning Policy Framework (NPPF). Working Group members will have an opportunity to comment on the draft NPPF in a forthcoming consultation.
8. Working Group 3 members to review the information they provide to the public and local authorities in light of the findings of the Working Group, in particular:
 - a. Local Government Group to use their portal as a means for local authorities to share information and access advice on resistance and resilience
 - b. Working Group 3 to link up with Lincolnshire project on resistance and resilience as a means of sharing case studies more widely
 - c. Insurers and loss adjustors to continue to make customers aware of resistance and resilience options post-flood, including through a new factsheet developed by CILA and the National Flood Forum
 - d. Environment Agency to review information available on its website.

Annex A – Working Group Membership

Working Group 1: The financial risk from flooding

Association of British Insurers
British Insurance Brokers' Association
Department for Environment, Food and Rural Affairs
Environment Agency
Financial Services Authority
HM Treasury [chair]
Local Government Group
Local Government Information Unit
National Flood Forum
University of Middlesex

Working Group 2: Data provision and transparency

Association of British Insurers
Association of Drainage Authorities
British Insurance Brokers' Association
Department for Environment, Food and Rural Affairs [chair]
Environment Agency
HM Treasury
Representative from Bucklebury Community Flood Alleviation Group
Risk Management Solutions

Working Group 3: Data provision and transparency

Association of British Insurers
British Insurance Brokers' Association
Chartered Institute of Loss Adjusters
Department for Communities and Local Government
Department for Environment, Food and Rural Affairs [chair]
Environment Agency
Local Government Group
National Flood Forum

Some other organisations were involved in the working group meetings:

Aviva
AXA
Council of Mortgage Lenders
Home Builders' Federation
Lloyds Banking Group
RSA
Zurich

Annex B – Flood and Coastal Erosion Risk Information Factsheet

Flood and Coastal Erosion Risk Information Understanding your risk and preparing for flooding

October 2011

This factsheet has been prepared to help you understand what flood and coastal erosion risk information is available to you. It also provides some tips on what you can do to prepare for flooding if you find out your home or business is in an area at risk.

Floods can happen anywhere at any time. Flooding is caused by a variety of factors including rising ground water levels, sewers overflowing, run-off from heavy rain as well as flooding from rivers and the sea. Even if you live miles away from the sea or a river, there's still a chance flooding could affect you.

Sources of information on flood and coastal erosion risk

- **Information about local flood risk.** Local authorities are responsible for managing the risk of flooding from surface run-off, groundwater or minor rivers. They can make their information about the risks publically available. Contact your local authority for more information.
- **River and sea flood maps.** The Environment Agency (EA) is responsible for managing the risk of flooding from rivers and the sea and produces these flood maps to set out the risk. They are available through the EA's *What's In Your Backyard?* website or from your local EA office.
- **Reservoir flood maps.** These show the areas at risk from flooding if large reservoirs (those that hold over 25,000m³ of water) were to fail. They are produced by the EA and are available through the EA's *What's In Your Backyard?* website or from your local EA office.
- **Information about sewer flooding.** Water and sewerage companies are responsible for managing the risk from sewer flooding. For more information contact your water and sewerage company.
- **Bespoke flood and coastal erosion risk assessments.** Some commercial companies can conduct flood and coastal erosion risk assessments and sell you more localised information about the risk to your property. Information about such companies can be obtained through the National Flood Forum's Blue Pages directory.
- **Information about areas at risk from coastal erosion.** A project is underway to produce improved data on erosion risk for use by professional partners and the public. More information will be available in due course.
- **Information from insurance companies and brokers.** Insurance companies and brokers may be able to provide you with their view of your flood risk, particularly the assessment they are using to set your premiums. Contact individual insurance companies or brokers directly, the Association of British Insurers (ABI) or the British Insurance Brokers' Association (BIBA).

- **Flood risk information letter.** The Environment Agency can provide a letter setting out the flood risk from rivers and the sea for the area of your address, which may be helpful for obtaining insurance. The letter is available free of charge from the Environment Agency. Contact your local Environment Agency office or call 03708 506 506 for more information.

Taking action

If you know your property or business is in an area at risk of flooding, there are a number of simple steps you can take to prepare and take action.

1. **Sign up for free flood warnings.** The Environment Agency provides a flood warning service to many areas at risk of flooding from rivers or the sea. Find out if you can sign up for the free 24 hour Floodline Warnings Direct service by visiting the Environment Agency's website or by calling Floodline on 0845 988 1188. You can select to receive warnings by phone, text, email, fax or pager.
2. **Make a flood plan:** If you live or work in a flood risk area act now and plan what you would do in a flood. Don't wait until it happens as you may not have time. Completing a flood plan will help you decide what practical actions you can take before and during a flood, which will help reduce the damage flooding can cause. To download a flood plan template, visit the Environment Agency's website.
3. **Install flood protection equipment.** Flood protection products can help stop flood water getting into your property. You can get more information about flood protection equipment in the Environment Agency's *Prepare your property for flooding* leaflet which is available online. An independent directory of flood product manufacturers is also available on the Blue Pages website. This directory is put together by the National Flood Forum.

For more information	
Floodline	0845 988 1188
Environment Agency	www.environment-agency.gov.uk/floods
Water companies	www.ccwater.org.uk
National Flood Forum	www.floodforum.org.uk
Blue Pages directory	www.bluepages.org.uk
Association of British Insurers (ABI)	www.abi.org.uk or 020 7600 3333
British Insurance Brokers' Association (BIBA)	www.biba.org.uk or 0870 950 1790

