

# Flood insurance for homes and business: looking to the future

Seth Williams, Association of British Insurers



Association of British Insurers

# Flood Re

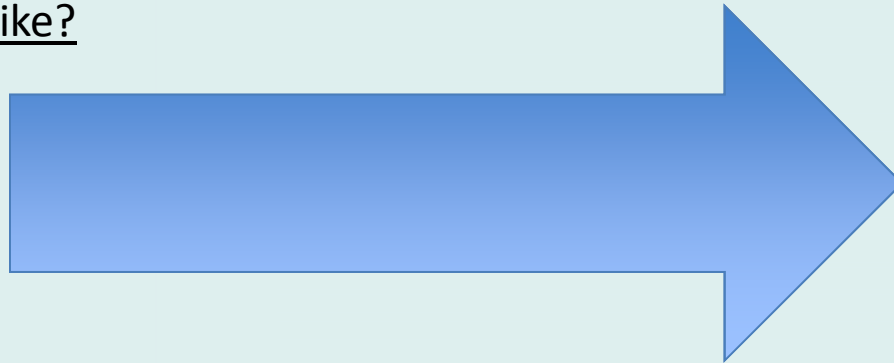
- Flood Re went live on 4th April, 2016. This year the customer benefits of five years of ABI innovation and industry leadership are finally being realised.
- We expect Flood Re to benefit around 350,000 homeowners when up to capacity, but its flexible design means it can cater for as many as the market wants to pass to it.
- Allows for a competitive insurance market for high flood risk homes that previously didn't exist.
- 22.5 years left to transition to risk reflective prices. Long-term future of flood insurance for the high-risk domestic market is dependent on reducing the risk or reducing claims costs from floods.
- Homes built after 1 January 2009 subject to open market pricing. New developments need to be properly managed with flood risk in mind.
- Large leasehold blocks and small businesses.



# Transition

What will 2039 look like?

Flood Re  
premiums



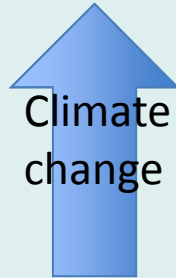
Risk-reflective  
premiums

Availability?

Affordability?

Flood risk

Claims cost



Climate  
change



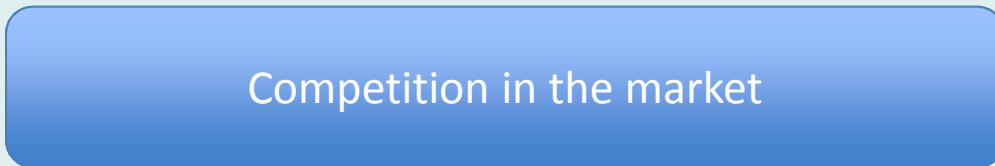
Flood  
protection



Repair costs,  
Flood depth,  
Customer  
expectations



Resilience  
Technology



Competition in the market

# Considerations

- Understanding affordability and availability.
- Understanding current and future flood risk – Flood Re data.
- Flood defence investment.
- Natural flood risk management.
- Consumer awareness of flood risk.
- Resistance and resilience – including building regulations.
- Inappropriate development.
- Building design.
- Ways to reduce claims repairs costs.
- More radical solutions – moving communities?



# Businesses

- Currently no indication from ABI commercial property insurers of a widespread failure in the market to provide flood insurance to businesses.
- There are pockets of the country where some businesses are experiencing problems, but in most cases solutions can be found.

## For those where problems do exist – why Flood Re is not the solution:

- Flood Re is built to deal with a widespread issue in the home insurance market and based on key fundamentals of home insurance e.g. standardised product, Council tax bands.
- Sheer variety and complexity of business insurance products.
- Majority of businesses rent premises.
- What is affordable for an SME?
- Subsidising across sectors, or competing businesses, creates significant societal and potential legal challenges

# More viable solutions

- More targeted assistance for businesses to understand flood risk and take action themselves:

- How to understand your risk of flooding;
- How to prepare your business for flooding;
- How to develop a business specific flood risk management plan;
- How to best access and shop around the insurance market;
- Are there actions you can take that might reduce your insurance costs or your future risk of flooding;
- How to make your business more resilient to future floods;
- Signposting to any Government assistance.

- Better protection of communities.
- Direct Government support for businesses at high risk.
- Broker-led solutions.
- Business community solutions.
- Some form of Government cover for those unable to access the market – examples in other forms of insurance.



# Stamp End Flood Alleviation Scheme

Page 7

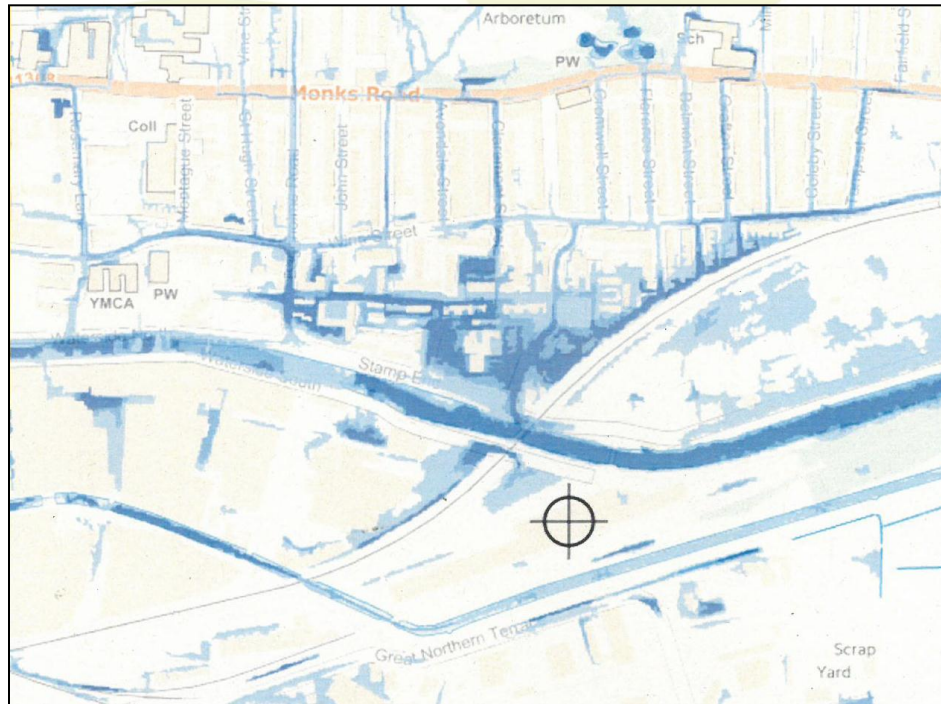


Mark Welsh - Flood Risk and Development Manager

Agenda Item 8



# Stamp End surface water flood risk map



**84 homes at high risk of surface water flooding**



# Flooding at Stamp End in 2007



Page 9

**84 homes flooded**

**200 residents evacuated**

# Stamp End funding partnership

## Funding partners:

	£
• Lincolnshire County Council	220,000
• Environments Agency (DEFRA Grant in Aid)	461,000
• Anglian Water	140,000
• Witham Third IDB (contribution to whole of life costs)	75,000
• Total Project Expenditure (all figures are approximate)	896,000

**Lincolnshire County Councils floods infrastructure programme currently consists of 27 schemes and is managed at approximately £1.2 million to £1.3 million annually. Outputs are measured by the number of properties protected from flooding.**

# Flooded Properties 2007

Page 11



# Investigations Undertaken

## Early Partnership Working

- Lincolnshire County Council
- City of Lincoln Council
- Anglian Water
- Environment Agency
- Lincolnshire Police

## Subsequent Works

- Topographical Surveys
- Geotechnical Surveys
- Correlation of previous studies and hydraulic modelling of public sewer systems

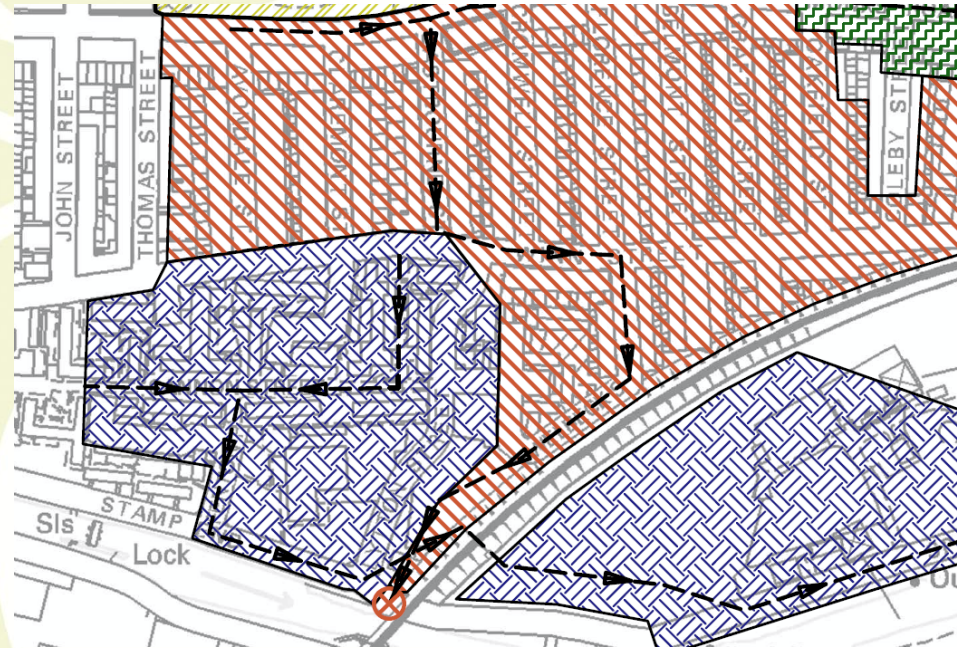


# Public Sewer Systems



# Options Considered - Stamp End Area

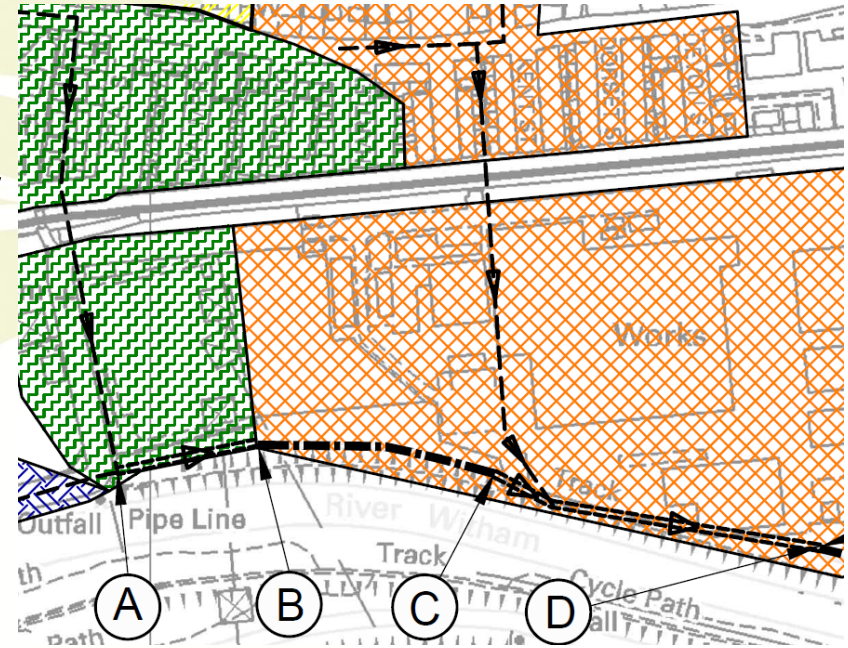
- Upgrade surface water systems
- Improve discharge into the River Witham
  - Gravity
  - Pumped
- Connect public sewer systems together
- Improve connectivity with North Delph area





# Options Considered - North Delph End

- Replace pipework with a watercourse
- Replace pipework with a new larger outfall pipe
- Improve discharge into the River Witham
  - Gravity
  - Pumped
- Improve discharge along North Delph
  - Pumping Station

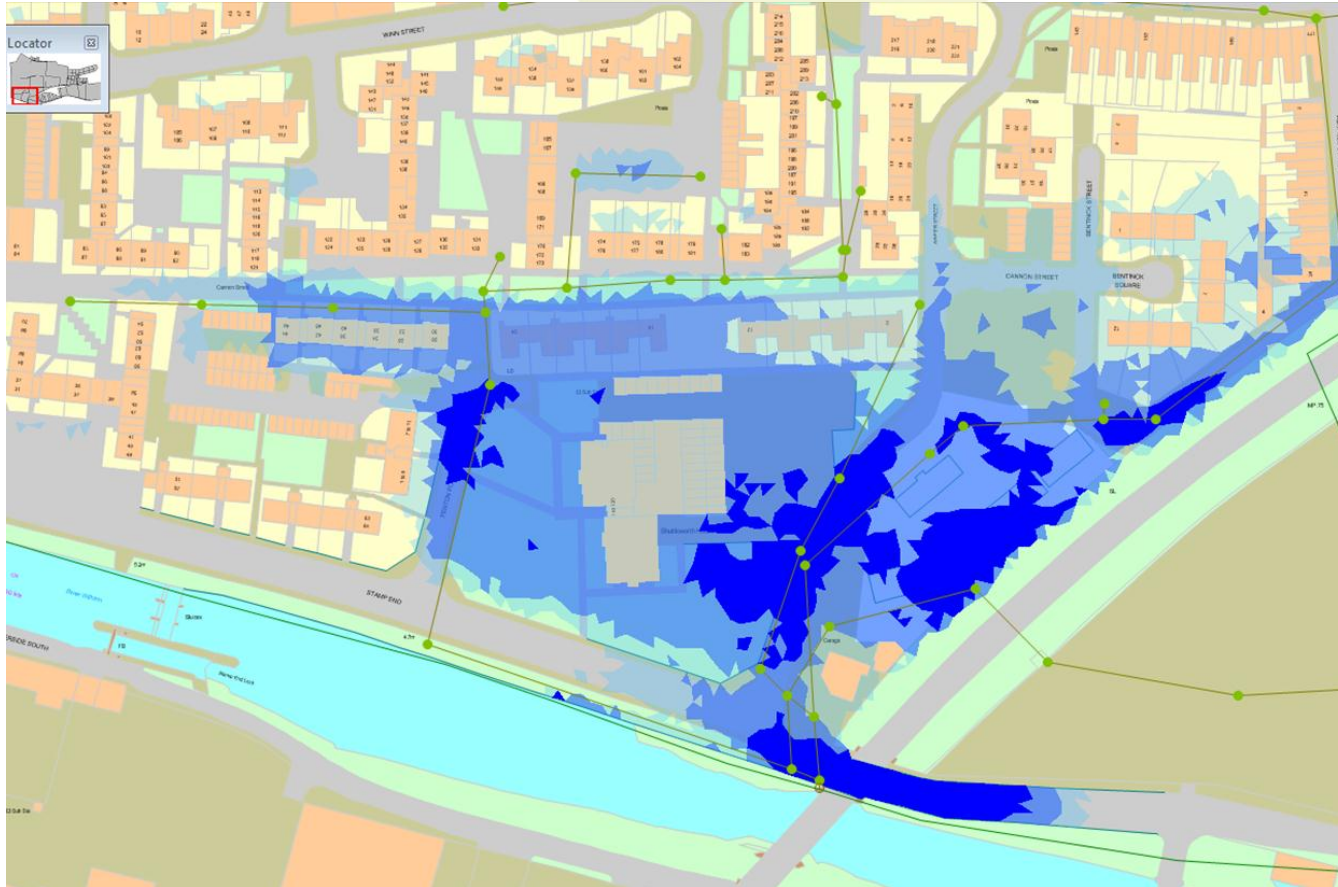




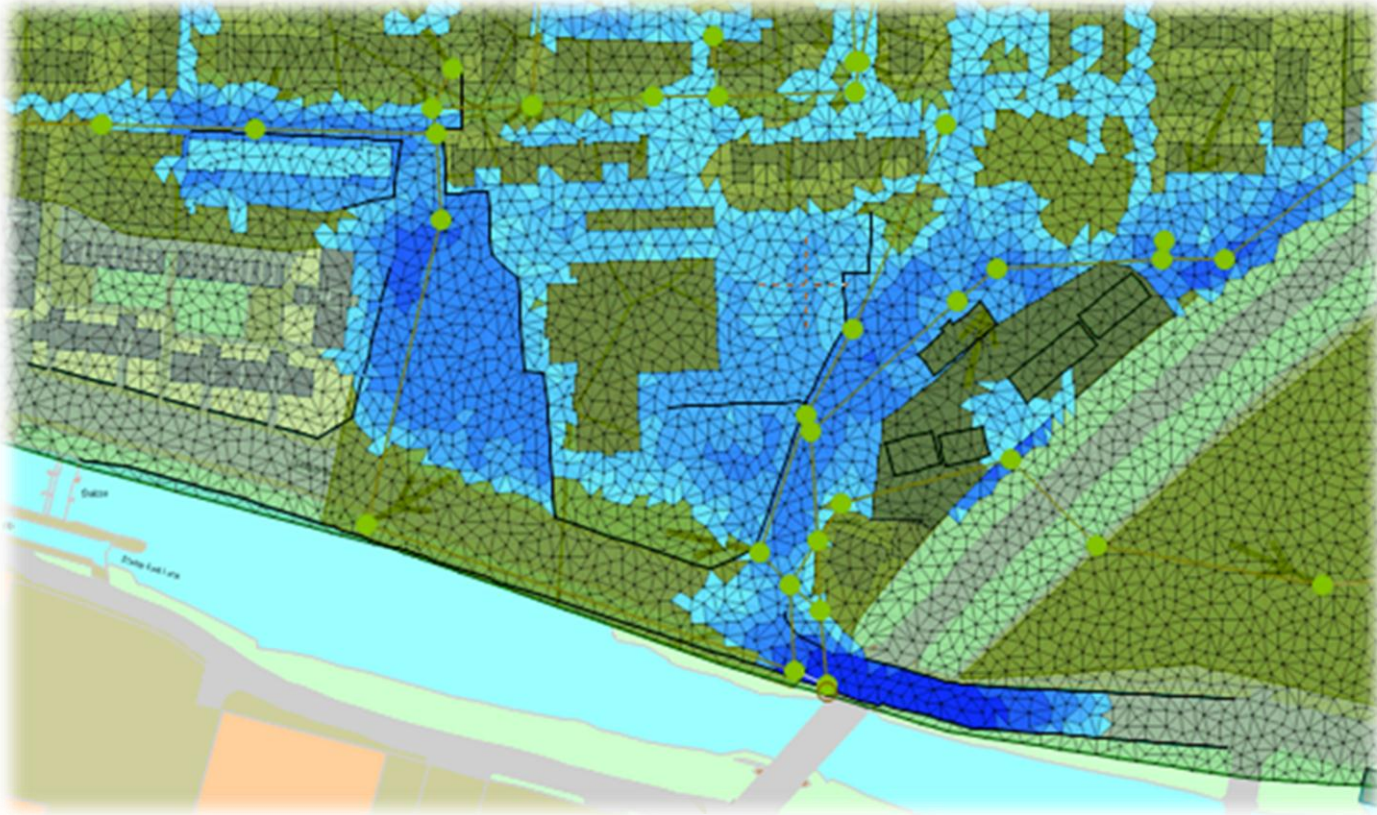
# Design Options Considered

- Do Nothing  
(absolutely nothing)
- Do Minimum  
(routine maintenance only)
- A pumping station at Stamp End area to pump into the River Witham
- Improvements to the public sewerage system at the Stamp End area and the construction of a pumping station at North Delph.

# Hydraulic Model Results - 2007 Flood

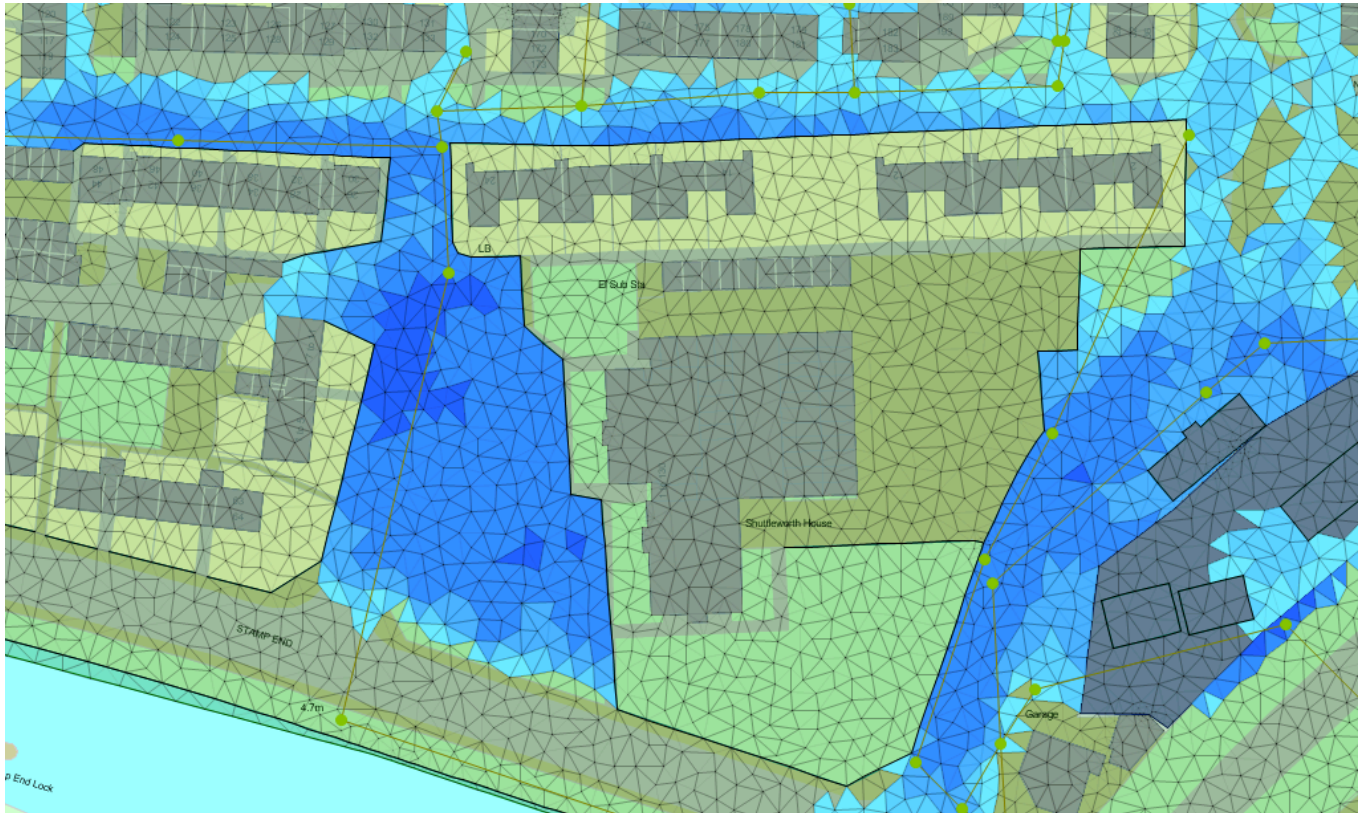


# Hydraulic Model Results – No Flood Barriers



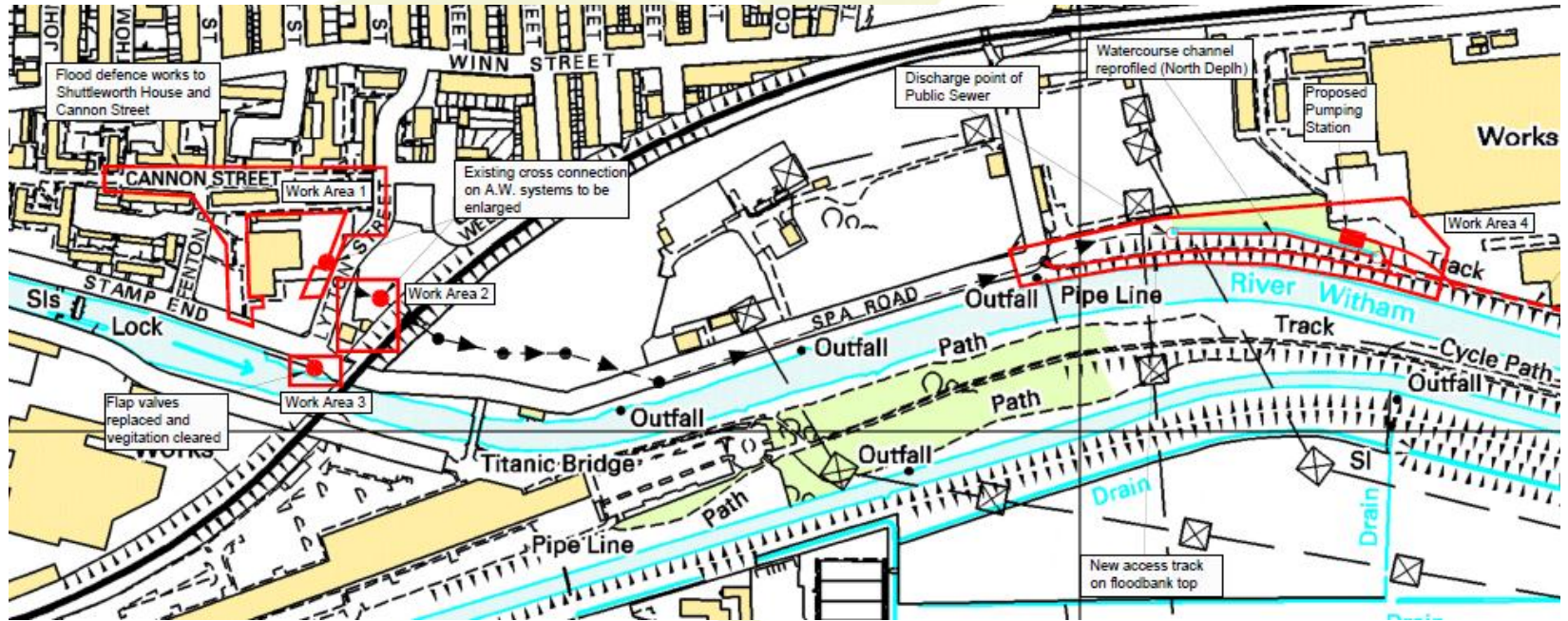


# Hydraulic Model Results - Proposed Island Protection



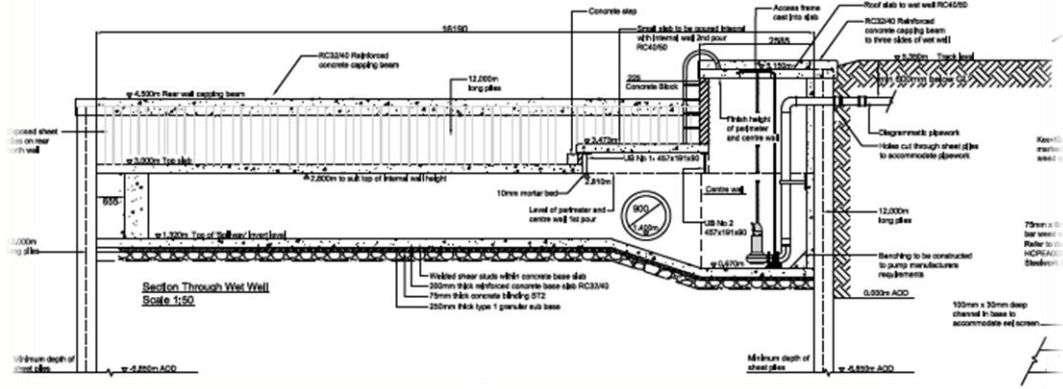
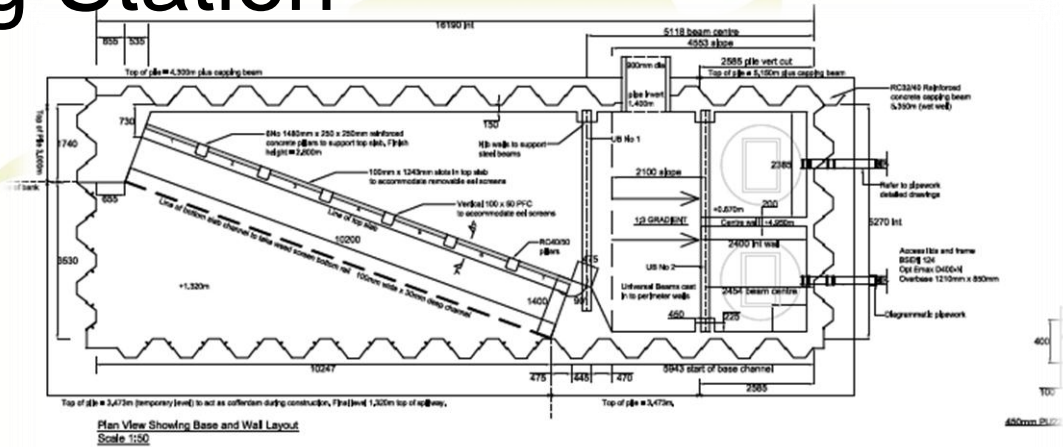
# Chosen Solution

Page 20





# Pumping Station



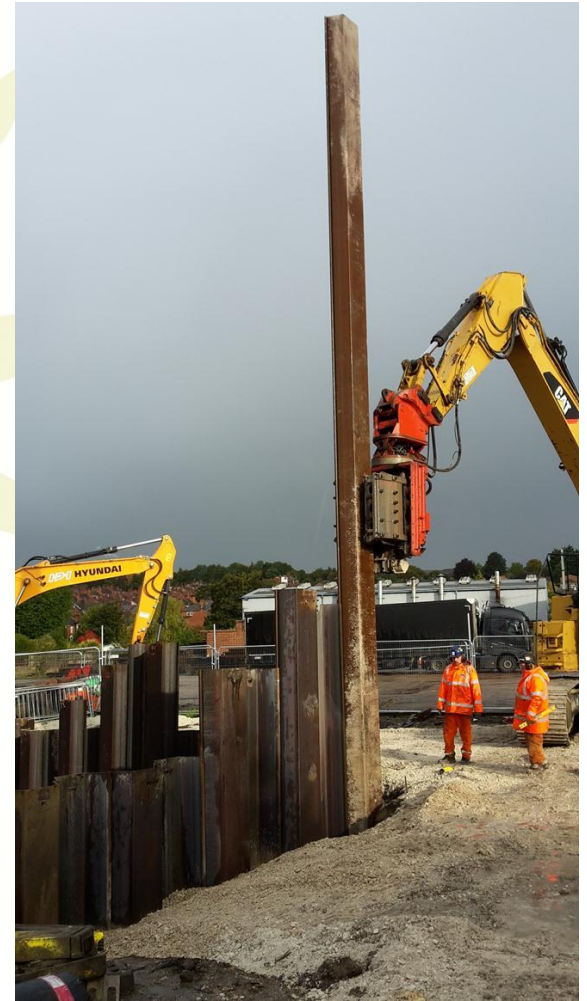
# Access Road to Pumping Station

Page 22





# Pumping Station Site



# Artist's Impression of Finished Pumping Station







# Cannon Street

Page 26



# Shuttleworth House (west)

Page 27

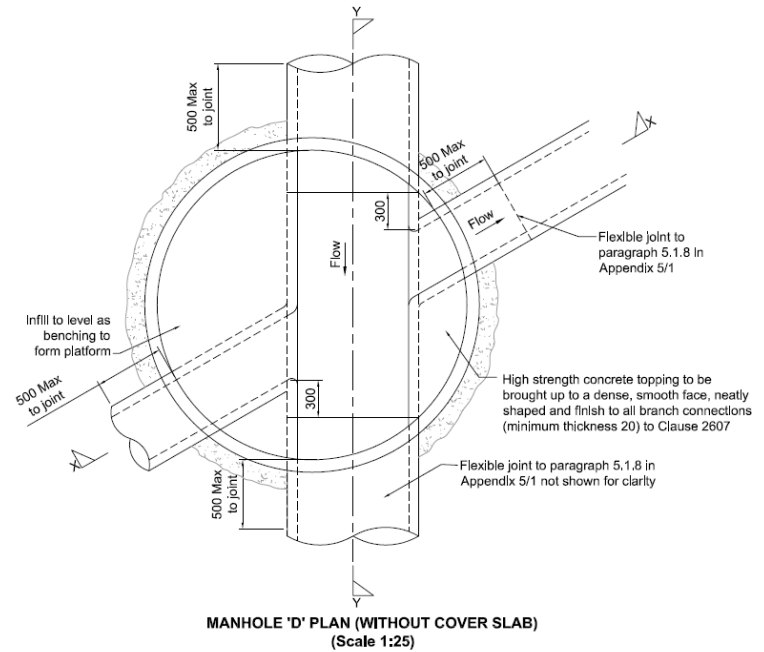




# Shuttleworth House (west)



# Stamp End Service Station Overflow Chamber





# Stamp End Service Station

Page 30



# Stamp End Service Station



# All this would not have been possible without our Partners

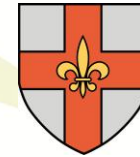
Page 32



Stamp End Service Station



*Serving the Midlands, South West and Wales*



CITY OF *Lincoln* COUNCIL







This page is intentionally left blank