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A deluge of bad news on flood cover

Last Updated: 1:54am GMT 05/12/2007

Insurers are warning that unless the Government acts on flood defences, householders could find themselves without a policy, says Teresa Hunter

- [Summer floods cost Britain £3bn, say insurers](#)

More than 8,000 families will still not be back in their homes for Christmas after the summer's flooding.

The agony doesn't end there. The AA, one of Britain's leading insurance brokers, couldn't find a single company prepared to offer cover to hundreds of thousands of households caught up in the devastation. Where insurers were prepared to continue protecting long-term policyholders, premiums had typically doubled.

"We simply couldn't get any quotes," says Ian Crowder of the AA. "No one will take on new customers. Premiums have doubled to existing policyholders, who are also having to accept large excesses of around £2,500."

But it is the tens of thousands of individuals facing the prospect of a miserable Christmas and winter in a cold caravan who have been hit hardest.



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The Association of British Insurers (ABI) says that our strategy for preventing floods is simply not working and calls for a complete overhaul of the current fragmented approach.

Stephen Haddrill (right), the ABI's director general, says: "Britain's flood defences have suffered from decades of neglect. There are too many agencies involved. We need clear leadership and a long-term strategy."

The industry is unhappy at the lack of co-ordination between the Highways Agency, local authorities, water authorities and environmental agencies which all have flood risk responsibilities. It wants a consistent, long-term strategy and warns that without one, cover will be withdrawn, leaving homes

vulnerable - and potentially unsaleable and therefore worthless.

Haddrill adds: "Insurers want to continue to provide flood cover but we need a clear long-term strategy if it is to remain widely available and affordable."

His comments were echoed by Paul Archer-Simms, a director of the Flood Protection Association. "It is a case of bureaucracy gone mad. Developments are still continuing close to rivers, but there is a reluctance to fund adequate flood defences. What money there is, is being spent in the wrong way."

He adds: "Instead of pressing ahead with badly needed defences, the relevant authority has a tendency to commission academic reports. We want to monitor it first, they say. Meanwhile more homes are being built on flood plains - which will flood in due course."

Insurers are still reeling from the £3bn bill for mopping up bill incurred after summer floods deluged huge swathes of Sheffield, Hull, Worcester, Oxfordshire and Gloucestershire, triggering 165,000 claims.

But in its response to the Pitt Inquiry into those events, the ABI will blame Government mismanagement rather than climate change for much of the recent catastrophes.

Malcolm Tarning of the ABI says: "We are very concerned that there has been no let-up in developments close to rivers. They will not get insurance without adequate flood defences."

He highlights another issue, one that had a particularly severe impact on some homes: "We also firmly believe that insufficient investment in replacing antiquated drains was a major culprit. In Hull, for example, most of the flooding came up from the drains."

Defaqto's Brian Brown expects insurers to take an increasingly hard line. "There are already rumours circulating of customers being asked to agree to £30,000 and £40,000 excesses," he says.



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"But if you have already experienced flooding you may not be able to find cover at any price. You only have to do the sums. The average flood claim is £30,000. If you have three of those, you have cost your insurer nearly £100,000. No one is going to be eager for that business."

It is not only those caught up in the floods who might have to pay the price. The AA's household insurance index reported that premiums rose by 3 per cent from July to September, indicating a 12 per cent typical hike over the year.

However, tentative figures for October and November indicate further rises of between 5 per cent and 7 per cent.

Mark Bishop of insurer Allianz says: "We are expecting big increases in premiums this year, which will probably be followed by a further rise next. Quite by how much we shall have to wait and see."

How can I reduce the potential costs of flooding?

What steps should you take to protect your property?

Wherever you live, your first step should be to check your flood risk on the maps provided on the Environment Agency's website (environment-agency.gov.uk).

If you live in a low flood risk area

Do not simply accept a big increase in your premium. If you are not a flood risk but receive eye-watering renewal terms, challenge it by producing evidence that the prospect of your home heading underwater is remote. Keep premiums low by avoiding claims.

Install security, fire and flood prevention measures. Good locks, a burglar alarm and membership of a Neighbourhood Watch scheme can all cut your costs. Do not over-insure. Know the difference between the rebuilding cost of your home and its value: the former will usually be lower.

Shop around. It sounds obvious, but far fewer consumers shop around for their household insurance than for their motor cover.

Buy online to get a discount. Direct Line for example, cuts premiums by 20 per cent for buying online. Consider accepting a higher excess. Increasing your excess to £ 200 can cut 5 per cent off the premium.

If you've been flooded before

The good news is that your insurer should continue to provide cover for the time being except in the most catastrophic cases. So your only option is likely to be to stay put.

But expect breathtaking hikes in your renewal premium and excess. If you still feel you are being unfairly penalised, try negotiating.

Find some evidence which proves that the circumstances triggering the claim will not be repeated. Still saddled with a huge excess?

Then you have no alternative but to insure yourself by floodproofing your home. Modern flood prevention methods are available from specialist companies which can be contacted via the website for the Flood Protection Association (floodprotectionassoc.co.uk) and the National Flood Forum (floodforum.org.uk).

However, it is an expensive business. Fit non-returnable valves on your drains, which can cost between a few hundred and a few thousand pounds, to stop sewage surges.

Cheap but effective are airbrick covers which cost between £ 40 and £ 80 and prevent the cavity wall flooding. Watertight doors cost between £ 1,500 and £ 2,000 each, though door guards are a cheaper option - but could still cost a few thousand pounds in total.

More drastic solutions include replacing wood floors on the ground floor with concrete and plasterboard walls with concrete-skimmed breeze blocks; and move electrical sockets higher up the wall.

This work could cost up upwards of £ 25,000 to completely protect your home, though you may be eligible for grants.

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