



An Insurance Perspective

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Scottish Flood Appraisal Groups

- 21 Flood Appraisal Groups in Scotland:
 - of those, 5 are sub groups or internal groups
 - 16 are full groups with insurance representation
- 27 Local Authorities involved (out of 32)
- These Councils represent:
 - 91% of the population
 - 93% of the land area of Scotland
 - 98% of properties at risk of inland flooding

Source: Crichton, October 2002

Former Strathclyde Region

- Three “internal” Flood Appraisal Groups without full stakeholder involvement:
 - Lower Clyde
 - Cart
 - Kelvin
- One overarching group for Glasgow and Clyde Valley - full stakeholder involvement - but dormant at present.

Have they been successful?

- Brings Planners together with Building Control, EPOs and stakeholders.
- Best practice, latest research, networking
- Valuable advice on
 - flood mapping and flood risk assessment
 - SUDS and Drainage Impact Assessments
 - Insurance availability
 - Emergency planning, building standards...

Climate Change - Scotland

- 100 year return period flood in the 1990s by 2050 will become:
 - 10 to 20 year for coastal flood (ignoring increasing wave heights)
 - 60 to 65 year for fluvial flood

Source: Scottish Executive Central Research Unit Report, May 2001

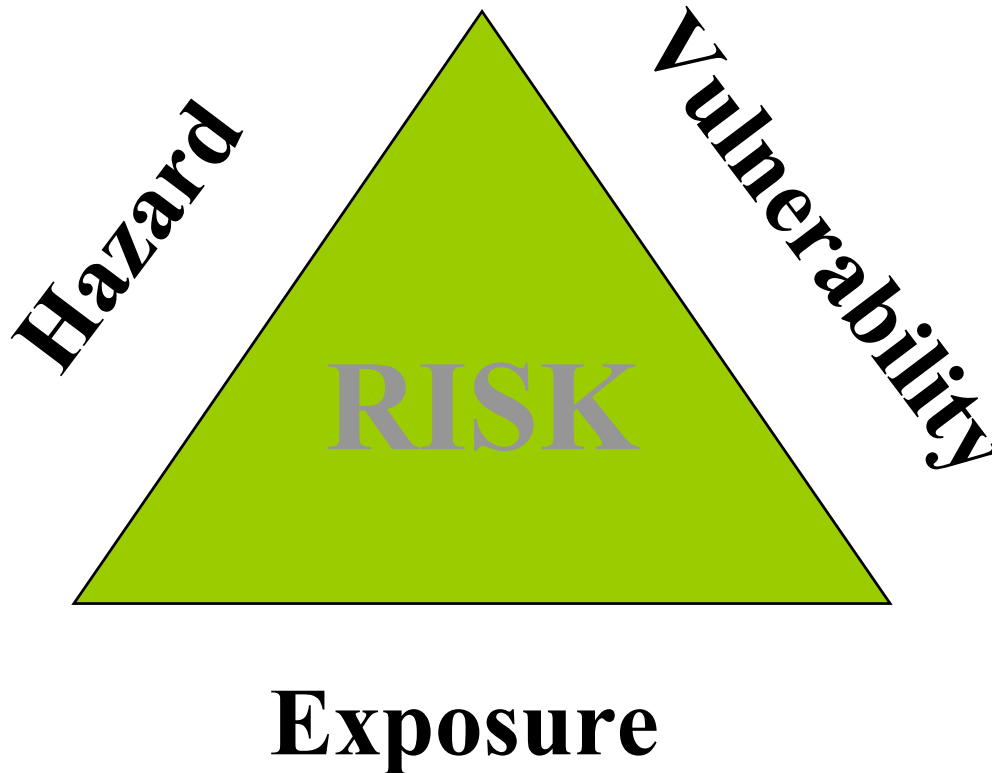
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Main causes of flood

- Rainfall run off and sewer overflow
 - River
 - Coast
 - Dambreak or overtopping
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The Risk Triangle

Hazard is only one component of Risk...



Vulnerability

- It is cheap and easy to make buildings less vulnerable at construction stage:
 - raise floor levels
 - resilient construction materials
 - raise wiring, electric sockets, pipes
 - one way valves on sewage pipes etc.
- Insurance industry can advise and provide data.

Exposure

- Don't build in flood hazard areas
- If you do, you have to do something about hazard and vulnerability to compensate:
 - flood defences
 - construction methods
- Remember, insurers are concerned about exposure too...

Insurance Availability

- The 1961 Insurance Guarantee
- On 26th September, the ABI confirmed that the Guarantee will expire at the end of 2002 because England has:
 - failed to control floodplain development
 - failed to spend enough on flood defences
- To be replaced in 2003 with the ABI “Statement of Principles”

ABI Statement of Principles

- Flood insurance available for the 75 year return period, but no more cross subsidies.
- This depends on:
 - England keeping promises on flood defence spending,
 - English planners following PPG 25
 - England considering an Act similar to the 1997 Scottish Act.

The Insurance Template

Maximum exposure for insurers to write flood risk at normal terms.

- Sheltered Housing 1,000 year
- Hotels, hostels etc 750 year
- Basements 750 year
- Bungalows without skylights 500 year
- Near “Young” rivers 500 year
- All other residential 200 year

Implications...

- Thousands of houses could be uninsurable
- Council of Mortgage Lenders:
 - No insurance, no mortgage. Will foreclose if necessary
- Royal Institution of Chartered Surveyors:
 - 20% to 40% loss of value even with insurance
- Residents' Action Groups
- Possible lawsuits against councils

Flood - Structural Solutions

- Build or improve flood defences
 - can we afford it?
- Raise embankments
 - what if they fail?
- Bigger culverts
 - damage to wildlife except brown rats
 - Weil's disease
 - danger to children and maintenance workers

Flood - Non Structural Solutions

- Plant trees and change agricultural practices
- Control development in floodplain
- Flood warning schemes and educate public
- Restore rivers to natural watercourses
- Open up culverts
- Promote sustainable drainage methods

Insurers want to provide cover...

- But there is no longer a price ceiling
- Premiums in some flood risk areas have gone up by 250% already.
- Will people be able to afford it?
 - Social housing issues?
 - Pay with rent schemes?
 - Pensioners?

More information

- Guidance Notes on flood appraisal groups
 - remit, agenda, who to invite etc.
 - frequently asked questions
- Floods and SUDS
 - general advice and background information
 - frequently asked questions
- Available free on email from
david@crichton.sol.co.uk

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New research report

**Flooding Risks and Insurance
in England and Wales:
are there lessons to be learned
from Scotland?
By David Crichton**

See www.bghrc.com
