

Response ID ANON-D7DZ-33YT-C

Submitted to **Draft National Flood and Coastal Erosion Risk Management Strategy for England**

Submitted on **2019-07-04 16:06:25**

About you

Please tell us if you are responding as an individual or on behalf of an organisation or group.

Responding on behalf of an organisation or group (representing collective views)

If 'other' please specify: :

If you are representing collective views, please specify which organisation or group and what type it is e.g. environmental group, business.

Organisation or group::

British Insurance Brokers' Association (BIBA) - General Insurance Intermediary Organisation

Can we publish your response? We will not publish any personal information or parts of your response that will reveal your identity.

Yes

Introduction and setting the context

1 To what extent do you agree with the vision: a nation ready for, and resilient to, flooding and coastal change – today, tomorrow and to the year 2100?

Some limited agreement (I can agree in part, but not entirely)

Please explain your answer::

The vision does not go far enough. It does not mention flood prevention. It correctly talks about resilience but we should not lose sight of prevention altogether. The vision seems too 'resigned' to flooding. It should be bolder. Recent research by Risk Management Solutions commissioned by Flood Re estimated £1.1bn flood damage is being prevented by the UK's network of river barriers and defences.

We have reservations to the extent of (forced) resettlement of existing homes and communities implied by the move to "climate resilient places". We support the new building of resilient places.

BIBA applauds the concept of "build back better" but the in service date of 2025 lacks urgency and ambition. With the expected DEFRA code of practice on property flood resilience and resistance being due this Autumn we would hope 'build back better' could be introduced far earlier.

The following question relates to the strategic overview role of the Environment Agency.

2 To what extent do you agree with the Environment Agency's proposed strategic overview role as set out in the chapter 'setting the context for the draft strategy'?

Strong agreement (I can support it)

Please explain your answer::

We agree with the EA role regarding supervision, data and information. We believe it is important that the EA receives sufficient funding to achieve this. We believe the EA is the correct single organisation to oversee this.

Climate resilient places

3a To what extent do you agree with strategic objective 1.1: Between now and 2050 the nation will be resilient to future flood and coastal risks. Over the next year the Environment Agency will work with partners to explore and develop the concept of standards for flood and coastal resilience?

Some limited agreement (I can agree in part, but not entirely)

Please explain your answer::

The DEFRA Property Flood Resilience (PFR) working group is well-advanced in producing a six stage Code of Practice (COP) and certification programme to help make homes and buildings more flood resilient. The EA strategy document makes little reference to the work by DEFRA and key industry partners, yet these are very tangible means for homes and businesses "to cope with the impacts of flooding and return to normal more quickly" (EA). The COP design and consultation is expected to be completed by autumn 2019 making EA timescales seem unambitious by comparison.

Again the EA should be more ambitious in turning the concepts of standards (which already exist in our view) into actual live standards.

EA strategy could signpost the work being carried out by the DEFRA PFR group.

Other key partners may include RICS and BSI.

3b Please provide comments on the measures described under strategic objective 1.1, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under this ambition, and tell us about any additional measures you think there should be and how they might be delivered. :

Flood Re expires in 2039; therefore the strategic objective in regard to resilience for future flood must be achieved by 2039, not 2050. "Flood Re helps households at the highest risk of flooding. We also provide information about taking action to reduce flood risk. Flood Re will run for 25 years, at which point insurers should be offering policies based on actual risk to property" (Flood Re mission), i.e. risk reflective pricing.

The strategy could be bolder through enforcement of resilient building measures through the application of 'building regulations'. This would emphatically support the strategy for "designing and altering property and infrastructure so that they are less easily or less seriously damaged when there is a flood." EA adoption of resilient repair by building control could normalize flood and coastal resilience. The document doesn't address this point sufficiently.

We do not understand the reference on page 20 "recovering quickly after a flooding or coastal change event... This includes effective use of insurance to transfer recovery costs between parties". This requires explanation. In what context is this meant?

We would like to make the point that insurance is only part of the solution, so the sentence on page 20 could be rephrased to say "recovering quickly after a flooding or coastal change event by repairing damages, restoring the economy and supporting community wellbeing. This may include effective use of insurance where available/ applicable to transfer recovery costs between parties.

4a To what extent do you agree with strategic objective 1.2: Between now and 2050 risk management authorities will help places plan and adapt to flooding and coastal change across a range of climate futures?

Strong agreement (I can support them)

Please explain your answer::

Collaboration and co-ordination with the existing DEFRA property flood resilience working group and RICS, BSI, SEPA and local authorities is vital.

We strongly support the EA objective to "produce a single picture of flood risk from rivers, sea and surface water....new national mapping"

4b Please provide comments on the measures described under strategic objective 1.2, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under strategic objective 1.2, and tell us about any additional measures you think there should be, and who could implement them. :

As per response to 4a.

5a To what extent do you agree with strategic objective 1.3: Between now and 2030 all those involved in managing water will embrace and embed adaptive approaches to enhance the resilience of our environment to future flooding and drought?

Strong agreement (I can support them)

Please explain your answer::

We believe it is vital that water management companies are equally tasked to embed resilience. There have been many lessons learned, particularly in regard to the storage and more efficient use of water, which in our view must be a key focus. Better upland management to prevent fluvial flooding is needed. There are organisations that can assist with different parts of the supply chain that could be incentivised not least through technology led models which seek to monetise as well as help manage local water risk.

5b Please provide comments on the measures described under strategic objective 1.3, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under strategic objective 1.3, and tell us about any additional measures you think there should be, and who could implement them. :

As per response to 5a

6a To what extent do you agree with strategic objective 1.4: Between now and 2030 risk management authorities enhance the natural, built and historic environments so we leave it in a better state for the next generation?

Basic agreement (I can live with them)

Please explain your answer::

We agree as an overarching aim. However, it may not always be possible to achieve e.g. it is probably impractical to return to a floodplain meadow if it is now a housing estate.

6b Please provide comments on the measures described under strategic objective 1.4, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under strategic objective 1.4, and tell us about any additional measures you think there should be, and who could implement them. :

As per response to 6a

7a To what extent do you agree with strategic objective 1.5: Between now and 2030, risk management authorities will use funding and financing from new sources to invest in making the nation resilient to flooding and coastal change?

Some limited agreement (I can agree in part, but not entirely)

Please explain your answer::

The insurance industry currently provides significant funding for flood defences following a 'ring fenced' levy on insurance premium tax of 0.5% in 2016. This significant tax increase was to specifically pay for flood defences. We estimate the annual contribution at £250 million per year. Further information can be found in the HMT red book here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/508193/HMT_Budget_2016_Web_Accessible.pdf

Here is part of the relevant section from the red book:

Funding further investment in flood defence.

Section 1.205 "In order to fund increased investment in flood defence and resilience, the standard rate of Insurance Premium Tax (IPT) will be increased from 9.5% to 10%. This ensures that the impact of the rate increase is spread broadly across the entire general insurance industry. IPT is a tax on insurers. However, if they do pass the cost of this rate increase on to their business and household customers, the average combined home and contents insurance would only increase by £1, and the average motor insurance premium by £2 per year. All the revenue raised from this increase in IPT will be invested in flood defence and resilience measures".

Government already collects a record level of insurance premium tax (IPT) at £6 billion per annum. This has seen a substantial increase in recent years as the rate of IPT doubled from 6 - 12%, putting a lot of pressure on consumers and businesses. We would strongly advise against any further increases in this regressive tax which can discourage the purchase of adequate insurance. 16 million households in the UK currently do not have any contents insurance protection (including flood cover). As IPT is a significant part of the premium, we strongly believe that the rate must not be increased any further, or even fewer homes may choose not to be covered for flood.

Greater transparency from Government would be helpful in regard to where insurance premium taxation is spent on flood resistance and resilience if the government is to be part of "a climate of champions."

This IPT contribution must continue to be ring-fenced for all future spending reviews as inland flooding would cost almost three times more per year without flood defences (a bill of £1.8 bn) rather than £700m across the whole of the UK. (Source: Flood Re).

Organisations should be encouraged to volunteer for partnerships and any funds raised could be ploughed back into resilience measures.

7b Please provide comments on the measures described under strategic objective 1.5, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under strategic objective 1.5, and tell us about any additional measures you think there should be, and who could implement them. :

As per response to 7a

Today's growth and infrastructure - resilient to tomorrow's climate

8a To what extent do you agree with strategic objective 2.1: Between now and 2030 all new development will contribute to achieving place based resilience to flooding and coastal change?

Some limited agreement (I can agree in part, but not entirely)

Please explain your answer::

What happens to homes built on the flood plain in the past where subsequently we would not recommend building? Homes built from 2009 are barred from access to Flood Re assisted insurance. There needs to be a mechanism to adapt this policy and support post 2009 homes in the flood plain, which were not deemed at risk of flood when they were built, but in the future will be. There are a growing number of properties being built in the last decade which fall out of scope of Flood Re. That number will only get bigger and bigger.

As building homes and road access concretes over more land, the risk of surface water flooding increases. This needs to be carefully controlled by all planning authorities and risk management authorities so that the enthusiasm for building does not cloud the responsibility to build resilient places. Penalties may be required that attach to individuals as well as corporate entities to ensure compliance.

8b Please provide comments on the measures described under strategic objective 2.1, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under strategic objective 2.1, and tell us about any additional measures you think there should be, and who could implement them. :

As per response to 8a

9a To what extent do you agree with strategic objective 2.2: Between now and 2030 all new development will seek to support environmental net gain in local places?

Basic agreement (I can live with them)

Please explain your answer::

We agree with the benefits of biodiversity gain, but properties must be fit for purpose.

9b Please provide comments on the measures described under strategic objective 2.2, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under strategic objective 2.2, and tell us about any additional measures you think there should be, and who could implement them. :

As per response to 9a

10a To what extent do you agree with strategic objective 2.3: Between now and 2030 all risk management authorities will contribute positively to local economic regeneration and sustainable growth through their investments in flooding and coastal change projects?

Strong agreement (I can support them)

Please explain your answer: :

Although contributing to sustainable economic growth and development cannot be achieved simply by resettling communities.

10b Please provide comments on the measures described under strategic objective 2.3, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under strategic objective 2.3, and tell us about any additional measures you think there should be, and who could implement them. :

As per response to 10a

11a To what extent do you agree with strategic objective 2.4: Between now and 2050 places affected by flooding and coastal change will be 'built back better' and in better places?

Some limited agreement (I can agree in part, but not entirely)

Please explain your answer: :

As above, DEFRA's PFR Code of Practice is being developed with the help of insurers and should go some way to supporting them make a sea change in insurance principles to allow 'build back better'.

We agree that lenders also have a large role to play and it is in their interests to protect their assets through resilient measures. They are in a strong position to make this a condition of loan agreements.

The strategy document is missing reference to the role of landlords. Whether homes or commercial property, landlords not leaseholders control maintenance and future resilience in their properties. Their engagement and agreement to financial expenditure is required to support resilience and 'build back better'.

The current Flood Re model states via its industry briefing on Flood Re eligibility (Section 10) that:

Will Flood Re cover claims for resilient repair?

No. In line with its Transition Plan, Flood Re is currently carrying out research into the relative value and effectiveness of resilience measures and will report separately on its findings in due course. In the meanwhile, in accordance with the terms of the Treaty, Flood Re will not indemnify insurers for resilient repair. The definitions of "Loss" and "Flood Risk Element" currently preclude claims payments covering betterment for the purpose of potential resilient repair. Therefore, Flood Re will only indemnify insurers for the cost of like for like repairs and will not follow the fortunes of underlying policies even if they allow for betterment as a standard term. Any payments made to an insured above the cost of like for like repairs will be borne by the insurer. For the avoidance of doubt, where building work has to be completed to a higher standard due to a change in laws or regulations, then such build difference will not be considered "betterment", provided it is the insurer's normal practice to indemnify such cost within a new-for-old cover.

BIBA therefore seeks change to overturn this restriction and allow Flood Re to 'build back better' in a resilient fashion. We hope this could be part of the five year review of Flood Re.

We note some Insurers like the NFU are providing policies that provide not just resilient repair, but also allow for increased uplifts for resilient repair over and above the standard cost of replacement. This is a welcome move.

It is not widespread practice for insurers to incentivise resilient measures pre-flood in the same way as locks and security premium discounts. Resilient measures are more likely to be a condition to access insurance at all. But we hope with the forthcoming code of practice on property flood resilience insurers will be encouraged to assist policyholders who adopt them.

We agree there is a behavioural change needed by consumers and insurers to 'build back better' and improve the resilience of homes and businesses.

Insurers don't always automatically allow building on another site so the idea is perhaps good in concept but not easily achieved.

11b Please provide comments on the measures described under strategic objective 2.4, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under strategic objective 2.4, and tell us about any additional measures you think there should be, and who could implement them.:

As per response to 11a

12a To what extent do you agree with strategic objective 2.5: Between now and 2030 all flooding and coastal infrastructure owners will understand the responsibilities they have to support flood and coastal resilience in places?

Strong agreement (I can support them)

Please explain your answer: :

We strongly agree.

12b Please provide comments on the measures described under strategic objective 2.5, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under strategic objective 2.5, and tell us about any additional measures you think there should be, and who could implement them.:

We strongly agree.

13a To what extent do you agree with strategic objective 2.6: Between now and 2050 the Environment Agency and risk management authorities will work with infrastructure providers to ensure all infrastructure investment is resilient to future flooding and coastal change?

Strong agreement (I can support them)

Please explain your answer: :

We strongly agree.

13b Please provide comments on the measures described under strategic objective 2.6, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under strategic objective 2.6, and tell us about any additional measures you think there should be, and who could implement them.:

We strongly agree.

A nation of climate champions, able to adapt to flooding and coastal change through innovation

14a To what extent do you agree with strategic objective 3.1: Between now and 2030 young people at 16 should understand the impact of flooding and coastal change, but also recognise the potential solutions for their place, and opportunities for career development?

Strong agreement (I can support them)

Please explain your answer::

A commendable objective, but may be difficult to incorporate this into the national curriculum prior to GCSE and would ask how did the EA think this was possible?

14b Please provide comments on the measures described under strategic objective 3.1, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under this ambition, and tell us about any additional measures you think there should be and how they might be delivered. :

As per response to 14a

15a To what extent do you agree with strategic objective 3.2: Between now and 2030 people will understand the potential impact of flooding and coastal change on them and take action?

Basic agreement (I can live with them)

Please explain your answer: :

Further discussions and an education campaign would be more helpful. The EA already has a tool with great utility in your free on-line flood maps. These could be more widely promoted and potentially enhanced to include surface water risks for free.

The DEFRA property flood resilience group has created a website called Flood Guidance <http://www.floodguidance.co.uk/> which could be more widely promoted by government.

Regional insurance brokers can also pass on relevant messages. BIBA can assist in disseminating this information.

Grants similar to those used in the Belwin scheme, allowing people to make properties more resilient would be most welcome. The most at risk properties could

be targeted and funds made available preferably before the loss occurs rather than after.

Homes and business could be helped to create their own building business continuity plans in the event of a flood. The EA could assist here.

Government could mandate information and acceptance when buying a property.

15b Please provide comments on the measures described under strategic objective 3.2, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under strategic objective 3.2, and tell us about any additional measures you think there should be, and who could implement them.:

As per response to 15a

16a To what extent do you agree with strategic objective 3.3: Between now and 2030 people will receive a consistent and coordinated level of support from all those involved in response and recovery from flooding and coastal change?

Some limited agreement (I can agree in part, but not entirely)

Please explain your answer: :

We welcome the co-ordination of claims, particularly during surge events. Collaboration between brokers, insurers and loss adjusters on areas like alternative accommodation, reinstatement and repair is important. Sometimes it is difficult to find similar alternative accommodation in the close proximity of the damaged property. This might also include the simple sharing of essential resources like skips in streets to remove damaged materials which may otherwise be unavailable to all householders.

However we note on page 51 you state each insurer must give the same level of service. We disagree as insurers will take different approaches, some may have invested in quick drying machines others may have invested in internal loss adjusters, suppliers and materials. Firms will collaborate where possible, but due to competition law any 'standardisation' is problematic

16b Please provide comments on the measures described under strategic objective 3.3, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under strategic objective 3.3, and tell us about any additional measures you think there should be, and who could implement them. :

As per response to 16a

17a To what extent do you agree with strategic objective 3.4: Between now and 2030 the nation will be recognised as world leader in managing flooding and coastal change, as well as developing and attracting talent to create resilient places?

Strong agreement (I can support them)

Please explain your answer: :

We strongly agree.

17b Please provide comments on the measures described under strategic objective 3.4, and tell us about any additional measures you think there should be, and who could implement them.

Please provide comments on the measures described under strategic objective 3.4, and tell us about any additional measures you think there should be, and who could implement them.:

We strongly agree.

Any other comments

18 Please provide any other comments

Please provide any other comments.:

- It is important to recognise that standards are under development with DEFRA's property flood resilience group and we hope that in time it will be possible to accredit suitable flood resilience measures, devices and installers. This work is important to the approach taken to the risk by insurers when considering their terms.
- We are in admiration of the aims of this consultation but feel there are areas indicated in our responses where the agency needs to go further or have a greater focus on flood prevention rather than just resilience after a flood.
- We think it is in everybody's interests that DEFRA are transparent in what they spend the annual £250 million IPT on, to ensure it is genuinely used for flood defences and that this transparency is full and timely.
- Victims of flooding could benefit from targeted tax breaks (zero VAT on materials and labour and local business rate holidays) could be made available to increase the uptake of flood resilient measures in recovery from a flood incident.

Do you agree with the conclusions of the environmental assessment?

Yes

If not, please explain why::

Please refer to summary in Question 18

Are there any further significant environmental effects (positive or negative) of the draft strategy you think should be considered?

No

If yes, please describe them::

Are there further mitigations for potential negative effects or opportunities to achieve positive effects that should be considered for the final national FCERM strategy?

No

If yes, please give details::