



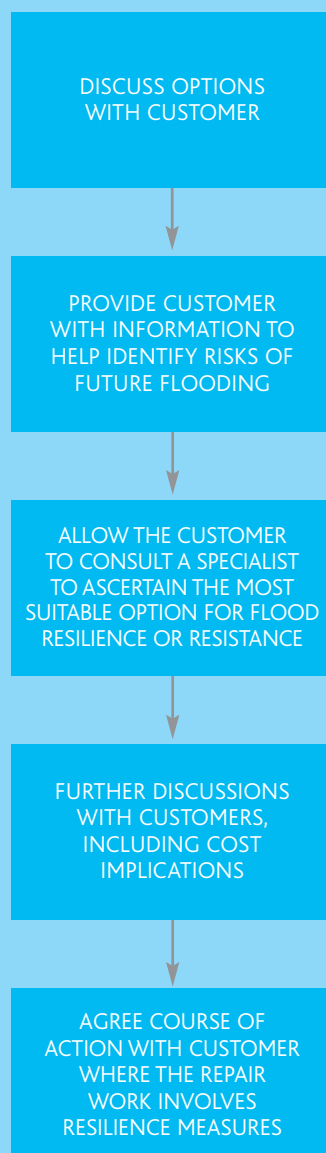
Association of British Insurers



Flood resilience and resistance factsheet for insurers and loss adjusters

Prepared by the Association of British Insurers and the Chartered Institute of Loss Adjusters

This factsheet provides underwriters, claims-handlers, and loss adjusters with a guide to flood resilience and improving flood protection at an individual property level. It will help in giving advice to customers who have been flooded about the options available to help prevent significant damage reoccurring. The factsheet is accompanied by a consumer-friendly guide on the issue that can be handed to the customer. Insurers and loss adjusters can choose to badge this publication jointly and distribute through their own channels.



Restoring a property after flood damage using a combination of flood-resilient and flood-resistant techniques could reduce the costs of future flooding for that property

Why promote flood resilient repair?

Restoring a property after flood damage using a combination of flood-resilient and flood-resistant techniques could reduce the costs of future flooding for that property¹.

- Flood resilience – reduces damage caused by any water that gets inside the property
- Flood resistance – reduces the amount of water that gets inside the property

Both could allow insurance to remain available to the customer, in line with the ABI Statement of Principles², and could even influence future premiums charged or terms applied.

The issue of flood resilience and resistance is rising in prominence. The Government is now considering the feasibility of using flood-resilient repair and installing flood-resistant measures as additional options for the long-term management of flood risk. Many are looking to the insurance industry, with its direct link to customers who have been flooded, to help encourage greater uptake of such measures, particularly during repair.

There are more than two million properties at risk of flooding in the UK, with approximately one quarter of these properties at significant risk of flooding (greater than 1.3% annual probability or 1-in-75 year chance). Even with the substantial increases in Government investment in flood management since 2002, large numbers of properties could remain at significant risk of flooding. These properties will mostly be in rural or isolated areas, which may be too costly to defend using capital flood protection schemes, given the relatively low number of properties benefiting.

¹ Preparing for floods ODPM October 2003. http://www.odpm.gov.uk/pub/112/Preparingforfloorguide/PDF587Kb_id1131112.pdf

² ABI Statement of Principles on the provision of flood insurance, Association of British Insurers, November 2005. <http://www.abi.org.uk/Display/File/Child/553/statementofprinciples2005.pdf>

When are flood-resilient repairs and flood-resistant measures appropriate?

There is a growing range of simple products for keeping low-level floodwater out of a property. For deeper or more prolonged periods of flooding, water could still enter through the floor and brick/blockwork walls and specially designed systems are usually required to provide flood resistance, so it may also be advisable to use these in conjunction with a pump and a sump. In these cases, making the inside of the property resilient to floodwater may be more cost effective.

Flood resilience could limit damage costs and reduce the amount of time the property may be uninhabitable. For floods deeper than one metre, you should allow water to enter the property to prevent any structural damage that could be caused by a build up of water outside.

The chance of flooding to a property and the likely depth of water will both be key factors determining of the scale and nature of flood-resilient repair that is most appropriate.

A flood risk assessment (responsibility of the customer) should be used to ascertain the level of flood-resilient repair that is appropriate for the property. The CIRIA guide on flood repairs provides a very useful decision-making process that links risk levels to appropriate scale of repair³.

For properties that will continue to have a significant risk of flooding, it could be cost-effective to repair a flooded property with a comprehensive suite of flood-resilient techniques. Flood claims for these properties could range from £15,000 - £45,000, compared with £5,000 - £30,000 for a resilient property.

Most properties that have been flooded could benefit from some degree of flood-resilient repair. Some resilient techniques do not cost substantially more than like-for-like, and could be appropriate to repair a range of flooded properties.

³ Standards for The Repair of Buildings following Flooding. CIRIA 2005 <http://www.ciria.org/acatalog/C623.html>

What types of flood-resilient repair are effective?

For properties vulnerable to repeated flooding, it is important to limit damage costs and reduce the amount of time the property is uninhabitable by making the inside of the property more resilient to floodwater damage. This could involve using repair specifications that will provide some advantage in reducing water damage to walls, floors, and fixtures. By re-organising the inside of the property some valuable and functional items (including service meters and boiler) could be raised above the likely level of a future flood.

Some flood-resilient measures do not cost much more than like-for-like, including moving services (electricians, boilers, and service-meters) well above likely flood level, and could be used for the repair of all properties that have been flooded. This technique will typically cost less than £1,000 extra for the repair, and could save more than £2,500 after the next flood.

Other measures are more costly than conventional repair, but will often pay for themselves after a single flood, i.e. the extra cost of installing flood resilience may be more than offset by the damage costs saved after the next flood. Examples include:

- Replacing gypsum plaster with more water-resistant material, such as lime plaster or cement render and renovating plaster
- Installing water-resistant doors and window-frames (e.g. plastic or waxed good-quality hardwood, where appropriate)
- Replacing the usual chipboard kitchen or bathroom units with plastic or steel equivalents (where these are appropriate

and cost-effective), e.g. plastic kitchen units with removable, waxed good-quality wooden doors

- Replacing timber floors with solid concrete (only where appropriate), using tiles and a water-proof membrane to prevent water penetration into concrete
- Removing patio doors and installing conventional doors and windows with brickwork construction underneath
- Installing one-way valves into drainage pipes to prevent sewage backing up into the house

Specialist advice should always be obtained before repairs are commissioned.

By carrying out these measures, the property could be cleaned, dried, repaired and re-occupied more quickly, reducing disruption to the customer and minimising costs to insurers. Some evidence suggests customers could only be out of their house for 3 - 4 weeks instead of 6 months, depending on the depth of flooding. Installing the full suite of measures could add £10,000 - £15,000 to the cost of repair, but may save at least £5,000 - £12,000 in each subsequent flood⁴.

What about flood protection products?

Flood-resilient repair can be combined with a range of flood-protection products to attempt to limit:

1. Amount of water that enters the property
2. Costs to repair material damage
3. Amount of time the customer is out of their property

There is a growing range of products for keeping water out of a property. Some have been awarded the British Standards Institute "Kitemark", and some have already proved to be effective in actual flood situations. A full list of accredited products is available from the Environment Agency.

The most common individual property-level products include aperture protection such as door-guards, and airbrick covers suitable for short duration flooding, and building "skirt systems" that can effectively isolate the whole property when flooding is more prolonged. These can only protect a property up to a certain depth of water. Brick-walls will usually only keep the floodwater at bay for a short period between 20 - 60 minutes but they can buy valuable time. There may also be some landscaping options for the outside of the property, including bunding walls and gates with seals, extra ditches for drainage and garden landscaping. There are now systems available that can provide comprehensive solutions to prevent water from entering the property in a prolonged flood.

Typically costs of property-level flood-protection using aperture protection can range from £2,000 - £6,000 to deal with likely flash-floods. Dealing with prolonged flooding on larger individual properties can cost between £20,000 - £40,000, depending on the scale and sources of floodwater entering the property. Indications from the limited studies currently available have shown that appropriate flood protection could reduce claims costs by 50 - 80%.

Further details on the most appropriate measures for the home are available from the Flood Protection Association and the Environment Agency⁵.

Who pays for any additional costs of resilience or resistance?

One of biggest misconceptions about flood-resilient repair is that all the additional cost will fall on insurers. The ABI has made it clear that members are willing to work with customers in reinstating their homes to flood-resilient standards following damage, provided this is cost-neutral. If the cost of flood-proofing is substantially greater than the standard repair, then insurers will only provide funds to cover the standard repair.

However, there are now some good options available to households to cover extra costs. In addition to householders covering the balance from savings, the Council for Mortgage Lenders have confirmed that many lenders are willing to consider extending mortgages to cover the additional costs of repairs provided the homeowner has sufficient equity. You should advise customers to talk to their lender about this.

In addition, the Government is looking into the feasibility of offering financial support for pilot studies⁶ to install flood-resilient and flood-resistant measures in appropriate properties. The Welsh Assembly Government and some local councils (e.g. Carlisle) have already established pilot grant schemes for property-level measures.

In the long term, adopting such measures could make it easier for an insurer to continue to provide cover to a homeowner living in a high flood-risk area (in line with the ABI Statement of Principles). There could even be a possibility of improved terms if a comprehensive system of flood protection is undertaken and the impact on flood risk properly assessed.

How to make flood-resilient repair happen?

For properties in areas of significant flood risk where flood-resilience and flood-resistance are most appropriate, the loss adjuster should discuss options with the customer. Many customers will not know that they could have their property repaired in a flood-resilient manner. This should be made clear to them at the start of the repair process. The ABI has prepared a complementary factsheet "Repairing your home or business after a flood – how to limit damage and disruption in the future" (jointly with the National Flood Forum). Copies can be downloaded from the website and should be passed on to flooded customers. Alternatively, insurers and loss adjusters may choose to badge the publication jointly and distribute through their own channels.

The different options should be discussed with the customer, including implications for any costs that will fall directly to them. Claims-handlers may also like to liaise with underwriting colleagues to discuss implications on the customer's future insurance premium/excess.

Before undertaking major renovations, it is essential to get advice from a specialist, who could undertake a comprehensive flood risk assessment and recommend an appropriate set of measures for the property. The table in the customer factsheet identifies key organisations whose members could provide such a service. Any repairs can be undertaken in a way that is sympathetic to the style, character and period of the property.

Flood risk assessments are best considered at an early stage in the flood-repair

process when the effects of the flood are still at the forefront of the customer's mind.

The Flood Protection Association has recently developed a service, which is professionally indemnified, to undertake flood risk assessments and design appropriate solutions. This service aims to provide a cost-effective protection solution to deal with properties at significant risk of flooding.

⁴ Flood Resilient Homes, Association of British Insurers, April 2004. http://www.abi.org.uk/Display/File/Child/553/Flood_Resilient_Homes.pdf

⁵ Damage Limitation Guide, Environment Agency. <http://www.environmentagency.gov.uk/subjects/flood/826674/830330/876970>

⁶ First Government response to Making space for water consultation, Department for Environment, Food and Rural Affairs, March 2005. <http://www.defra.gov.uk/enviro/fcd/policy/strategy/msw1exec.pdf>

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