



Dear consultee,

## **Consultation on securing the future availability and affordability of home insurance in areas of flood risk**

1. I am writing to invite views on the Government's preferred approach to address the future availability and affordability of flood insurance. We intend to seek powers to address this issue through the Water Bill, which was introduced to Parliament and published today. Your views will help develop the final proposals to be put to Parliament later this year.
2. As you may know, we are coming to the end of the current voluntary agreement between government and the insurance industry (the Statement of Principles). Without a new agreement there is concern that many hard pressed households will no longer be able to access the level of insurance cover they need.
3. Our preferred approach to address this problem is to work in partnership with the insurance industry to deliver a solution which works for households at risk of flooding, wider bill payers, and the taxpayer. The solution we have reached with the insurance industry is based on their 'Flood Re' proposal. This sets thresholds for flood insurance premiums which are linked to property values and effectively limits the prices paid by those at risk of flooding. Support will be targeted towards those who need it most and the level of excesses charged by insurers will also be controlled. There is a lot of detail to work through on Flood Re, so we are also seeking powers to regulate the insurance industry if Flood Re cannot be made to work and insurance companies are unable to keep prices down.
4. The following documents are available on Defra's website:
  - This consultation letter
  - An introductory guide to the Government's proposals

- Consultation document
- Impact assessment
- An independent review of the flood insurance analysis
- Memorandum of Understanding between Government and the Association of British Insurers

<https://consult.defra.gov.uk/flooding/floodinsurance>

5. The site also includes an online survey tool where you can respond to this consultation.
6. We welcome your comments and evidence on the proposals. If you wish to obtain a hard copy of this consultation please email: [floodinsurance@defra.gsi.gov.uk](mailto:floodinsurance@defra.gsi.gov.uk).

### ***Responses***

7. Please respond to the consultation using the online survey tool. This is the easiest way to respond.
8. Responses should be received by **8 August 2013**.
9. If you have any queries please email: [floodinsurance@defra.gsi.gov.uk](mailto:floodinsurance@defra.gsi.gov.uk) or telephone: 020 7238 6239.
10. Alternatively you can write to us at:

Flood Insurance Consultation  
Area 3C  
Nobel House  
17 Smith Square  
London  
SW1P 3JR

### ***Additional Consultation Activities***

11. We are running a number of stakeholder events to explore some of the issues raised in the consultation document in more detail. These include:
  - An Environment Agency/Defra stakeholder forum being held on 10 July. Attendees will include representatives with a wide range of flood interests.
  - A flood insurance workshop being held on 18 July. Attendees will include representatives from the insurance industry, communities at risk of flooding and other organisations with expertise in flood insurance issues.
12. Summaries of the events will be published on the Defra website.

13. We will also be taking part in key events such as the ABI's biennial conference and working with partners to encourage individuals and organisations to take part in the consultation process.

### **Consultation Criteria**

14. This consultation is in line with the consultation principles. These can be found at <http://www.cabinetoffice.gov.uk/resource-library/consultation-principles-guidance>

15. If you do not want your response - including your name, contact details and any other personal information – to be publicly available, please say so clearly in writing when you send your response to the consultation. Please note, if your computer automatically includes a confidentiality disclaimer, that won't count as a confidentiality request.

16. Please explain why you need to keep details confidential. We will take your reasons into account if someone asks for this information under Freedom of Information legislation. But, because of the law, we cannot promise that we will always be able to keep those details confidential.

17. We will summarise all responses and place this summary on the Defra website at [https://www.gov.uk/government/publications?publication\\_filter\\_option=consultations](https://www.gov.uk/government/publications?publication_filter_option=consultations)  
This summary will include a list of names of organisations that responded but not individual respondents' personal names, addresses or other contact details.

18. If you have any comments or complaints about the consultation process, please address them to Defra's Consultation Co-ordinator, Area 629, 9 Millbank, 17 Smith Square, London SW1P 3JR, or email [consultation.coordinator@defra.gsi.gov.uk](mailto:consultation.coordinator@defra.gsi.gov.uk).

16. Thank you for your help in this matter.

Yours sincerely

Dan Osgood

**Head of Flood Management**

**Department for Environment, Food and Rural Affairs**