

# The UK agreement on flood insurance is good news for customers

# Kennedys

Legal advice in black and white

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The ABI (Association of British Insurers) and the Government have reached agreement that ensures flood insurance remains widely available now and in the long term.

The agreement outlines the actions that both Government and the industry will take over the long term. These include:

- Improving understanding of flood risk.
- Government putting in place a long-term investment strategy, which will set out strategic flood prevention aims and assess future policy options and funding needs
- Ensuring that the planning system prevents inappropriate development in flood- risk areas.
- Raising awareness in areas where flood risks are significant, encouraging property owners to take sensible precautions, and providing more information about how to obtain flood insurance.
- Promoting access to home insurance for low-income households.

Implementing these steps should lead to a competitive flood insurance market, without the need for the Statement of Principles, which will therefore end in 2013. Until then, insurers will continue to:

- Make flood insurance for homes and small businesses available under household and commercial insurance, where the flood risk is no worse than a 1 in 75 [1.3%] annual risk.

- Offer flood cover to existing domestic and small business customers at significant flood risk, providing there are plans to reduce the risk to an acceptable level within five years.

Further details are available at <http://www.abi.org.uk/Newsreleases/viewNewsRelease.asp?nrid=16415>

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