



ABI Statement of best practice on using distance from a watercourse as a rating factor

Where insurers are trying to establish the flood risk of a property they are considering insuring, distance from a watercourse can be a less reliable indicator of flood risk than flood risk maps. It is best practice for insurers to consider such flood risk maps, especially where they are publicly or freely available, when assessing the risk.

Insurers should take this information into account when deciding whether to frame their assessment of flood risk on a customer's answer to a question about the distance of their property from a watercourse.

Such questions, even where an explanation is offered about what a watercourse is, can be hard to understand and difficult for householders to answer correctly. Insurers need to satisfy themselves it is fair to ask such questions and fair to rely on the answer provided.

If relying on such questions, insurers should provide clear and specific instructions on how distance from a watercourse should be determined and must comply with the Consumer Insurance (Disclosure and Representations) Act 2012 when determining their response to any inaccurate answer.

Application of the statement of best practice on distance from a watercourse

- This statement of best practice is voluntary and concerns interactions between insurers and household customers, in respect of products sold and/or services offered in the UK.
- This statement sets out Good Practice for insurers when communicating with a customer about home insurance and flood risk.
- This statement should be followed in addition to all applicable legal and regulatory requirements.

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