

REVISED STATEMENT OF PRINCIPLES ON THE PROVISION OF FLOOD INSURANCE

The Government and the insurance industry have agreed that the conditions should be in place to enable the insurance market to be able to provide flood insurance to the vast majority of households and small businesses efficiently and without the specific commitments below from 1 July 2013. Thereafter, the industry will continue to work with existing customers to explore insurance options for domestic property and small business customers where the flood risk is significant and no public plans are in place to defend the property.

Until 30 June 2013, ABI members commit to:

- Continue to make flood insurance for domestic properties and small businesses available as a feature of standard household and small business policies if the flood risk is not significant (this is generally defined as no worse than a 1.3% or 1 in 75 annual probability of flooding).
- Continue to offer flood cover to existing domestic property and small business customers at significant flood risk providing the Environment Agency has announced plans and notified the ABI of its intention to reduce the risk for those customers below significant within five years. The commitment to offer cover will extend to the new owner of any applicable property subject to satisfactory information about the new owner.

It is important to note that:

- The premiums charged and policy terms will reflect the level of risk presented and are not affected by this commitment.
- This commitment does not apply to any new property built after 1 January 2009: the ABI encourages developers and customers purchasing a property in a new development to ensure that it is insurable for flooding. The ABI intends to publish guidance on insurance for new developments in autumn 2008.

This commitment is subject to annual review that will consider progress in resolving the areas of continuing work and implementing the Government's commitments and to additional review in the event of any significant external shocks, such as a reduction in the availability of flood reinsurance or major changes in the UK insurance market.

July 2008