

# Flood Re's Bord: Industry needs to educate public on flood risk

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The insurance industry has a critical role to play in educating the public and raising awareness around flood risk, according to Andy Bord, CEO of UK scheme Flood Re.



Speaking exclusively to *The Insurer*, Bord called on the industry to get behind Flood Re's "Build Back Better" campaign, which aims to ensure damaged properties are repaired in such a way that they become more resilient against future loss events.

The campaign was one of a series of proposals set out by Flood Re as part of a consultation launched earlier this year by the UK government on the future of the state-backed scheme.

Flood Re is calling for changes to the scheme that would allow it to pay out claims that include an additional amount for resilient or resistant repair, above and beyond the original damage.

The scheme has also called for the ability to reward those householders who proactively install flood resilience measures with discounted premiums on their home insurance policies, when they are ceded to the scheme.

“Insurers need to look at the changes they can make on behalf of their customers to make housing stock more resilient in the future because flooding is going to be more frequent and it’s going to be more severe,” he said.

“Build Back Better is a critical part and we’re really passionate about it because it’s a difference that we can make. It’s a jigsaw piece that’s part of a much bigger picture and planning is a big component of that.

Flood Re was formed as a joint initiative by the domestic insurance industry and the UK government in 2016.

The scheme currently collects £180mn (\$244mn) under statute every year from anyone that writes household business in the UK, which all insurers are legally obliged to pay.

“We’re working with the UK government to implement a change so that from 1 April next year, the figure should be determined on a three-year cycle instead of the current five-year cycle so it’s in line with our reinsurance program.

“We have recommended that the figure should be £135mn.”

### **The end goal**

Flood Re was created with a target of transitioning out of the market by 2039.

Bord said there are two goals it has to achieve before it ceases to exist.

The first is to enable the availability of affordable home insurance within high-risk flood areas, where he said the scheme had already had a “transformational” impact.

“Before 2016, if you had a high flood risk, your home insurance was phenomenally expensive or carried very high excess. However, now 95 percent of people are able to get five or more quotes where previously that number was zero.”

Bord said the second purpose is to help the market transition to a state where it’s able to continue to offer affordable risk-reflective pricing once Flood Re ceases to exist.

He explained: “We will continue to lobby to make sure that the defences are appropriately funded and work to ensure that adaptation is well understood.

“We always want to make sure insurers are playing their part through Build Back Better and make sure that the market is effective as a consequence of better understanding that flood risk.”

“If all of that also covers the additional headwinds that climate change presents when Flood Re does exit in 2039, it should have the ability to still achieve affordable home insurance. It’s a big goal!”

Bord explained that the important thing to recognise about the climate change debate is that “climate change is already happening and the effects of global warming are already in the system”.

Bord said: “This year we have seen the tragic floods in Belgium and Germany, we’re seeing wildfires in California and who would have thought we would’ve been talking about extreme heat in Canada.

“I think the shift we’ve seen has been the explicit link that scientists are now saying that these are caused by manmade impact on climate change. That’s no longer a debate,” he added.