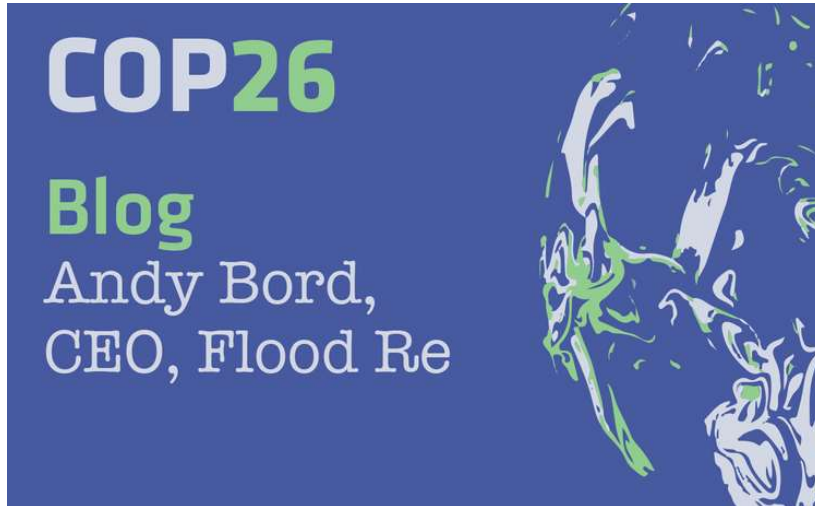


Insurance **POST**

# COP26 blog: Insurance industry has a powerful role to play to protect against flooding



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Indicative reading time: ⌚ 3 minutes

**As heads of state, environmental scientists and campaigners attend COP26, the insurance industry must adapt now to protect UK homes from the damaging effects of climate change, writes Andy Bord, CEO of Flood Re.**

The global climate emergency is on the agenda of governments and businesses across a world grappling with a series of natural disasters – and rightly so. As the UK assumes global leadership in tackling climate change at [COP26 in Glasgow](#), we must act now to protect our communities from the destruction caused by the effects of a warmer climate.

These catastrophic events are no longer confined to far-flung countries; the UK knows only too well the damage that flooding can cause, with the Met Office stating six of the wettest years in history having occurred since 1998.



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Flooding is now the greatest natural disaster risk in the UK, with an estimated one in six properties in England and Wales at risk. If we don't act now, many more people will suffer the devastating consequences of a warmer and wetter climate in the years to come. With global temperatures set to exceed 1.5°C of warming within the next 20 years, according to the August 2021 Intergovernmental Panel on Climate Change report, it is more urgent than ever before to take steps to reach net zero emissions.

### **Floods are inevitable – adapt now**

While slowing the pace of climate change is vital, it is equally important to recognise that we cannot stop it altogether and that we must act now to increase resilience and adapt to the climate of the future. The impacts of climate change are already upon us, and so further flooding is inevitable. However, it is in our power to ensure we are better prepared when it does happen.

Never has there been a greater need to protect homes from climate change, which is set to make the UK flooding problem worse. Research from the Met Office shows that by 2050, annual UK flood losses are set to increase by 25% to 80%, depending on whether global temperatures warm by 2°C or 4°C.

To reduce the risk of damage from flooding and build resilience, a broad set of measures are needed: we must have a planning system that takes account of flood risk and the future insurability of homes, and when homes are repaired after flooding, we must build them back better to ensure they are more resilient to future floods.

The challenge, then, is not just to hit net zero emission targets – it is to adapt how we live now and build for a future that is more resilient to climate-induced damage.

### **Build Back Better**

The insurance industry is addressing the need to build back better after flooding and protect homes. In 2016, the government set up Flood Re to help those living in homes that have been flooded. These householders were often unable to get insurance, and if they did, the premiums and excesses were punitive.

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Flood Re makes flood insurance affordable for these people, and the scheme has now helped protect more than 350,000 homes.

However, [Flood Re](#) is not resting on its laurels. It has developed Build Back Better, an extension to the existing scheme, which will be available through some insurers after April 2022.

Insurers that are offering BBB will assess flooded homes as part of the repair process and fit resilience products to better protect the home against any future flooding. Households will benefit even more after the installation of resilience measures as they will become eligible for reduced Flood Re premiums.

Reduced costs for the insurance industry and lower premiums for households mean both parties will have an incentive to install flood mitigation methods. While we realise that some insurance companies already reward customers who install property flood resilience measures, Flood Re wants to work with insurers to encourage more households to implement PFR in their homes.

### Shoring up flood defences

The global risk management consultancy RMS has stated that current flood defences result in avoided flood losses of £1.1bn per year in the UK. It is imperative that investment continues in order to manage increasing flood risk in the future. Recent government promises to fund new defences are welcome, but a longer-term commitment is needed.

As the frequency and intensity of flooding increases, it is vitally important that these defences continue to be well maintained and fit for purpose. Research commissioned by Flood Re has shown that every extra £1 spent on flood maintenance results in a future capital investment saving of £7. The spending review must address this maintenance challenge as an increase of 50% on the current spending can extend the life of defences by eight years.

The introduction of BBB next spring is an important step the industry can take on the road towards making the time Flood Re exits the market in 2039.

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