



Bailed Out

Issues affecting flooded consumers and ability to access affordable insurance

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Appendix A: Logic tree of survey questions

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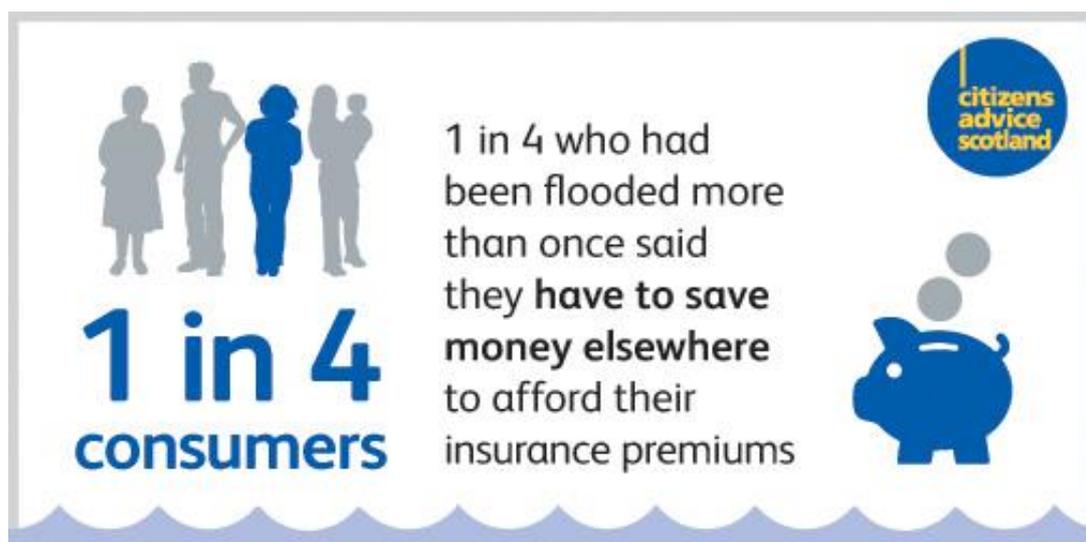
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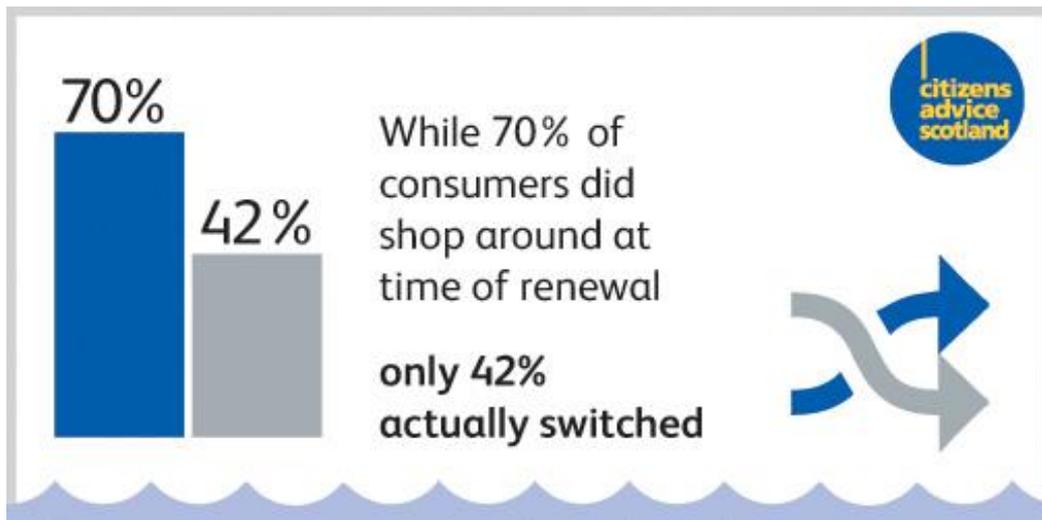
Executive Summary

In the winter months of 2015/2016 around 11,500 UK households were flooded causing damage of up to £1bn. Such events are devastating for families living in these homes and expert climate predictions suggest that the flood risk for some areas of Scotland will double in the course of the next century. Against this rising risk is the under protected nature of many of these homes with around 16% of Scottish households having no insurance cover for their contents. Those most likely to not be covered are the most vulnerable in our society: the elderly, low income households and renters.



CAS undertook a detailed survey research of 178 households in Scotland, over two thirds of which live in a flood risk area based on SEPA analysis. In this survey we explored issues surrounding home insurance and financial protection against flooding events as well as inviting more general comments with regard to consumers' experiences of a flooding event.

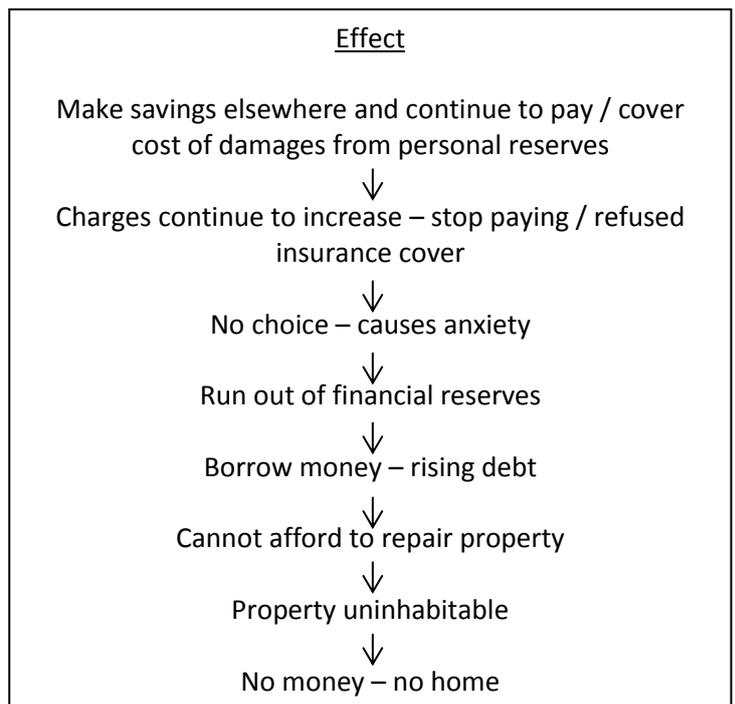




Additionally, through analysis of qualitative feedback responses we found a frustration on behalf of many householders that they perceived a lack of co-ordination the delivery of over flood mitigation measure between public authorities and agencies. There was also some concern raised as to how vulnerable consumers were being supported and looked after by their insurer during the claims process.



While individual circumstances and cases can differ substantially we found common themes across cases. There is evidence that some of these can put insured consumers on a journey, caused by a flooding event, that can radically change their circumstances. The cases presented by those who participated in our research demonstrate a clear link between actions taken by insurance companies and the outcomes for consumers, which at time be devastating.



CAS have identified four goals to work towards for consumers accessing insurance and protection and recovery from flooding events:

1. Affordable insurance should be accessible to flood risk consumers
2. Insurance cover should support physical and financial recovery for consumers
3. Insurance charges should take into consideration work to mitigate flooding
4. Each property should be assessed according to its own merits

To make these goals a reality we have made eight recommendations. As Scotland's consumer champions, we are committed to advocate these to the relevant authorities and to work with stakeholders to make them the reality for Scotland's consumers.

1. Introduction

- 1.1 At the beginning of January 2016 the River Don in North East Scotland reached its highest level in 45 years resulting in 70 properties having to be evacuated; other properties were also damaged by rising flood waters. One resident in Inverurie told media reporters the day after she and her family had been evacuated from her home:

“My brother looked through the letterbox this morning and said the house had water in it. So I’m just now emptying what I can. I’ve got two kids - they were panicking as well. We spent the evening last night looking for sandbags. There was a two hour wait for getting them in Inverurie last night. We had no chance.”¹

- 1.2 The storms Desmond and Eva of the 2015/2016 winter were estimated to have cost economic losses of between £900m and £1.2bn to the UK economy with insurers estimated to have cover in place paying out in excess of £1.3bn. It was estimated that in a period of a couple of months, around 11,500 houses across the UK had suffered flood damage.² These figures were collated prior to the floods associated with storm Frank in Dumfries and Galloway and the Borders meaning the total damage from the winter period flooding is likely to have increased the total cost much further.
- 1.3 According to the Scottish Government the risk of flooding in Scotland is estimated to double in some areas before the end of the century due to climatic change³. Long term climate forecasts by the UK’s Department for Environment, Food and Rural Affairs (DEFRA) predict that Scotland will face rising sea levels, increases in winter rainfall, more days of heavy rain and more frequent and intense extreme weather events such as storms⁴.
- 1.4 It is therefore important that consumers in Scotland understand the risk associated with the property that they live in and are able to mitigate such devastating and life-changing events by having access to adequate and affordable insurance cover. However, for many consumers in Scotland getting access to insurance or being able to afford cover for their home has not been an option available to them due to cost or availability, and many are left unprotected from the increasing risk of being flooded. It has been noted by previous research funded by the Scottish Government that the elderly, those on low incomes, and non-homeowner households are most likely to struggle to afford insurance cover for their home in flood risk areas.⁵ It is estimated that around 16% of Scottish households lack insurance cover for contents.⁶
- 1.5 Additionally burdens put on policyholders by insurance companies to know exact details of topography and flood risk in their area have resulted in the potential for void insurance or failed claims. CAS is concerned that a number of consumers are being asked to provide unreasonable levels of information that go beyond their knowledge level. One such policy holder in Ballater who had her claim in February rejected due to an incorrect assessment of how far her home was from a river course said:

¹ [Scotland flooding: Record high for river levels](#); BBC News Online; 8th January 2016

² [UK Flooding PwC insurance loss estimates](#); PwC Blogs; 30th December 2015

³ [Action to manage flooding risk in Scotland](#); Gov.Scot

⁴ [UK Climate Change Risk Assessment: Government Report](#); Defra; 25th January 2012

⁵ [Flood Insurance Provision and Affordability](#); Centre of Expertise for Waters, University of Dundee; 5th July 2012

⁶ [Scotland: No home contents insurance](#); The Poverty Site, Scottish Household Survey data; February 2011

*"I haven't slept since the flood. The insurance company don't seem to care they just seem to want to pass us on and say 'well it's your fault because you made a mistake'."*⁷

- 1.6 This report reviews evidence and survey data collated by Citizens Advice Scotland (CAS) which documents how some Scottish consumers are finding themselves cut off from accessing insurance that will cover them for flood damage. The report makes a number of recommendations aimed at engaging with a variety of interested parties in the flooding and insurance landscape. CAS, as Scotland's consumer champion, hope to work with key stakeholders and advocate to have these recommendations implemented for the benefit of Scotland's flood risk communities.
- 1.7 Flood Re is a new not-for-profit scheme developed by the UK Government and Insurance industry to ensure that flooded homeowners can access affordable insurance. This scheme was launched in April 2016 and is aimed at providing assistance for many of the issues highlighted in this report. The research for this study was carried out before Flood Re was implemented and as such these findings provide a baseline against which future research can be carried out to establish the success, accessibility and effectiveness of the Flood Re scheme.

⁷ [Insurance wrangle for Ballater flood residents](#); BBC News; 29th February 2016

2. CAS Goals for flooding and insurance

- 2.1 Having heard the experiences of many consumers who as a result of a flooding incident, face turmoil and great anguish following dealings with insurance providers, CAS believes the following goals are required to ensure consumers receive the help and support they need. In order to achieve these goals CAS has made eight recommendations in this report for a variety of stakeholders. As part of our ongoing work as Scotland's consumer champions, we will seek to address the barriers that prevent customers from accessing affordable insurance or enacting existing insurance cover.



Goal 1: Affordable insurance should be accessible to flood risk consumers



Goal 2: Insurance cover should support physical and financial recovery for consumers



Goal 3: Insurance charges should take into consideration work to mitigate flooding



Goal 4: Each property should be assessed according to its own merits

3. Research Methodology

- 3.1 CAS assessed case data relating to home insurance collated by Scotland's 61 Citizens Advice Bureau and Scottish callers to the Citizens Advice Consumer Helpline.
- 3.2 In addition we carried out an online public survey regarding flooding and insurance. This was publicised on our website, through our network of CAB, and was also circulated to flood risk communities by SEPA and the Scottish Flood Forum (approximately 40 contact groups; 240 households). The survey asked a number of questions (see appendix A) relating to insurance cover and flood risk. Responses were received from 178 participants.

4. Improving access to affordable insurance

4.1 Protect availability of affordable insurance following a claim

- 4.1.1 A number of respondents to our survey, in addition to bureaux cases and clients contacting the Citizens Advice Consumer Helpline, found that making a claim on their insurance for flood related damage had substantial ramifications on their access to and ability to pay for future insurance products. While it is understandable that increased risk or previous claims impact the price or availability of all insurance products it would appear, anecdotally at least, that there are consumer concerns that flood related house insurance claims will be a permanent mark against them.

“We were flooded in 2011... needed a new carpet, approx. £1000. We didn't claim on the insurance for this because we wanted to keep no claims bonus and excess of £500 anyway. Also, we are aware of a local business which did claim (and was paid) for flood damage, but whose premiums then increased drastically - we partly didn't claim to avoid that happening to us.”

- 4.1.2 Our survey results reveal that people who had made a previous claim were on average paying £200 to £400 more a year than those who had been flooded but had not claimed. This could suggest that the price of the insurance is not wholly based on the risk associated with flooding at the property, but on having made a previous claim. It also raises a concern that those consumers who are less financially resilient may have no option but to claim for a small sum. This in turn could affect their ongoing premiums making them less affordable within an already stretched budget.

- 4.1.3 For some consumers their experience is that despite their best efforts to find more affordable insurance there can be nothing available or affordable to them because of previous claims. A worrying number of our survey respondents said that they had completely given up shopping around as their previous experience of trying to find an alternative insurer was so bad. Additionally a number of consumers said that even though they had shopped around, they could not find any alternative insurer who was willing to provide them with a quote.

“I have not been able to get any insurer to insure the house other than the original insurer.”

- 4.1.4 Some consumers have as a result of these problems turned to specialist insurance brokers who help find suitable cover, especially for flood risk areas. It would appear however that the results of using such a broker can be mixed with some consumers getting policies in place while others still are being excluded from the market because of insurance costs and availability. Others have turned to specialist insurers to get a policy put in place.

“I fully understand that an insurance company will not give flood cover on a property which has been flooded and so I am not looking for flood cover. I was not prepared for how difficult it would be to find insurance cover. Even brokers who advertise as experts in hard to insure properties say they cannot assist me find insurance because I am in an area affected by Storm Frank. One told me that no insurance company will consider insuring a house in an affected area.”

“We couldn't find insurance anywhere. Even our mortgage provider would not insure us even though they said if we weren't insured we were breaking the

terms of our mortgage and potentially would have to repay it!! We found our current insurer Culpeck on the National Flood Forum site, we are extremely grateful for this site and for Culpeck who have been great, finding us more affordable insurance than we expected and keeping our premium consistent since the flood.”

4.2 Improve consumer awareness and engagement with affordable insurance initiatives

4.2.1 The above examples are the specific consumers that the Flood Re scheme is intended to assist. Flood Re is a not-for-profit scheme developed by the UK Government and Insurance industry to ensure that flooded homeowners can access affordable insurance. It is intended that Flood Re will remain in place until 2039.⁸ It is clear from many of the consumers we spoke to that getting access to cover of any kind was particularly difficult if they had made claims previously. Flood Re describes its scheme as being set up to:

“help those households who live in a flood risk area find affordable home insurance. The introduction of Flood Re means you will have peace of mind that, even after a flood claim, you should still be able to find insurance with affordable premiums and excesses.”

4.2.2 While Flood Re was only officially launched to consumers in April 2016 it has been in development for a number of years. It follows the previous flood insurance agreement between Government and insurance firms that expired in 2013⁹. Despite ongoing developments and negotiations around the scheme over the last few years consumer knowledge of Flood Re in our survey was low at around 30%. Interestingly, knowledge of Flood Re was no different between consumers who had been flooded in the past and those who hadn't. It is currently unclear as to how Flood Re is being recognised or promoted currently. Some companies are able to offer policies that are covered by Flood Re seamlessly and invisibly, for example by offering a product without necessarily naming it as a Flood Re cover to the consumer. However Flood Re is promoting the scheme very publically with a strong brand. Raising awareness of Flood Re with consumers in flood risk areas may be key to ensuring that this client group have access to affordable insurance and to the success of this scheme overall. It is currently unclear to what extent Flood Re will run in the background and how much consumers will interact with the brand.

“The whole flood insurance thing is a stressful nightmare, and in my opinion “Flood Re” can't come quick enough! Most people having to make flood claims (myself included) live in areas which never previously flooded until a few years ago, and have almost certainly started to flood because of climate change. It's stressful enough dealing with the aftermath of flooding without having to sweat over whether you'll be able to obtain insurance in future.”

4.2.3 Consideration should be given to the access and affordability issues faced by consumers who will not be able to access Flood Re because they do not qualify for one reason or another. CAS will endeavour to look at the extent of how many consumers are not covered by the scheme and the issues they are facing in future work on the subject after the scheme has been running for some time.

⁸ Flood Re – About Us; floodre.co.uk

⁹ [Flood insurance principles](#), DEFRA and ABI, July 2008

Recommendation 1: Flood Re must address the growing number of consumers who are unable to access any insurance options. It should be transparent so consumers know when they are benefitting from a Flood Re backed policy. This could be done through clear associate branding in renewal letters or policy documentation.



Goal 1: Affordable insurance should be accessible to flood risk consumers

4.3 Improve portals for affordable insurance

4.3.1 The use of price comparison websites (PCWs) has grown substantially in the insurance market and gives consumers a wide range of choice and access to a large number of quotes in one place. There is much to be welcomed from the introduction of such technology that allows consumers a much wider view of a marketplace than was previously possible.

4.3.2 There are however some drawbacks in the way in which PCWs operate. One is around focussing competition on price. While price competition is indeed welcome for consumers, just making a purchase on the basis of price and not taking into account exclusions or limitations of a policy could leave vulnerable consumers exposed at the very time they need to make a claim. The Association of British Insurers (ABI) has stated that some policies are being ‘slimmed down’ by providers so they appear at the top of the PCWs list.¹⁰ The ABI has also stated that for consumers looking to buy complex products such as flooding insurance, PCWs are not an appropriate method. Additionally the British Insurance Brokers’ Association (BIBA) have highlighted that consumers mistakenly believe that Price Comparison Websites are Product Comparison websites which is not the case and can lead to consumers getting insurance that does not meet their expectations.¹¹ However, many consumers with complex problems, searching for affordable insurance may not be aware of this. In our study, for example, the most common method of shopping around was using a price comparison website however only 42% of those who shopped around actually ended up switching. Most of those who didn’t switch put it down to not finding a cheaper deal and/or not being able to get the cover they needed/wanted.

4.3.3 One clear area of customer base that is not currently served by PCWs is that of flood risk communities. Many of the respondents to our survey noted that PCWs are completely inadequate when it comes to shopping around for home insurance if the property has been flooded in the past or is in a particularly high flood risk area. Some consumers note no quotes will be provided at all, while others report that flood exclusions are used to give a false impression of premiums. Additionally only basic questions are asked of consumers through PCWs which may result in products which do not meet the need of those at risk of flooding.

4.3.4 In other sectors, moves have been made to improve price comparison websites to ensure the customers get a full view of the market and access to all suppliers. The energy market regulator Ofgem published a revised “Confidence Code” for price comparison websites of energy suppliers in 2015¹². This code ensures that the sites make it clear which suppliers offer commission to the price comparison website and

¹⁰ [ABI’s response to the FCA’s review of PCWs](#), ABI, March 2014

¹¹ [BIBA urges action from FCA on comparison website findings](#), BIBA, July 2014

¹² [The Confidence Code](#), Ofgem, 2015

ensures that PCWs offers correct information to the consumer's circumstances and offer a whole of the market comparison. This model could be replicated for home insurance to ensure consumers get good information from PCWs.

CASE STUDY Miss C and Mr B Vs Policy Shop Insurance Services Ltd¹³

Miss C and Mr B had their home insurance cancelled, and flood claim denied, because their insurer stated that they had not disclosed that there was a watercourse near to their home. However the Financial Ombudsman Service found that Miss C and Mr B were not asked questions regarding the distance to a watercourse when they set up their insurance cover through a price comparison website. Therefore they found it was unfair for an insurer to cancel a policy on the basis of questions not asked when selling the policy. As a result the ombudsman awarded the value of the flood claim and reasonable additional costs plus 8% per annum interest to the consumers.

- 4.3.5 Some respondents to our survey noted that if no results are provided due to flood risk there is no signposting to other organisations who could help those consumers.

"I couldn't get a quote on a price comparison website after stating the street had been flooded"

"I find it absolutely disgusting that insurance comparison sites offer you cover but when you eventually receive the policy flooding/rising ground water levels are not covered or whatever way they disguise the wording for flooding."

"Comparison websites are a complete total waste of time for flood insurance, you really need to find specialist brokers who understand flood insurance."

Recommendation 2: Price comparison websites should improve their signposting to specialist insurance providers or other assistance such as brokers or flood advice agencies where they are unable to provide a suitable provider.



Goal 1: Affordable insurance should be accessible to flood risk consumers

Recommendation 3: PCWs and the FCA should consider the advantages of developing a similar scheme to the OFGEM Confidence code for price comparison websites.

¹³ [Decision number DRN1449836](#), Financial Ombudsman Service, 2015

5. Achieving Fairer Outcomes for Claimants

5.1 Improve Management of Claims

- 5.1.1 Most consumers who have been flooded have their claim handled quickly and are able to move back home soon after the damage has been repaired. The Association of British Insurers noted that in 2013/2014 “60% of flood claims were fully settled in six months, almost three quarters within nine months and the vast majority were home after 12 months”¹⁴. This was an experience that was echoed by many who responded to our survey and who were complimentary of the support they received from their insurer:

“After my home [was] extensively flooded in 2000, my insurer was very good at settling the claim and I was able to get alternative accommodation paid for by the insurer for six months. [In addition] my house was repaired and redecorated very satisfactorily.”

“So far our insurance company has been very helpful, we have a long way to go before we are home, but positive so far.”

“Our insurance company were excellent when we had a flood and were out of our home for seven months.”

“My home was flooded and was uninhabitable for six months. I had no difficulty with my insurers and was well supported throughout the six months.”

“This is the first time I have been flooded. I called my insurer [the same day] and received an immediate response with various companies phoning me to tell me when they could come to carry out work and what the next steps were. It’s not all sorted yet, but so far I’m impressed.”

- 5.1.2 However not all claims were without difficulties. One common issue raised by those who took part in our research was the length of time for them to get help or a visit by a loss adjuster. Some noted slow decision making was frustrating and made it difficult for customers to get on with their lives and with the work needed to make their home habitable again:

“It took four weeks to decide to cover the claim but they were still deciding whether to use their own tradesman or a local quote we got (which they requested we organise!).”

“Insurers A were very slow to make a decision regarding awarding the claim although they did put in dryers and sent a loss adjuster quickly. I thought the delay meant they were going to refuse our claim. They were the last firm to settle of all the households in the village, however when they did I was happy with the service. Although the insurance paid out the claim the flood has cost me thousands to avoid future damage if flooded again. I had to replace wooden flooring with cement, raise plug sockets and carry out other work. My garden was destroyed and not covered by insurance also leaving me out of pocket.”

- 5.1.3 Others pointed to being refused a claim due to exclusions in a policy or information held by the insurer not matching the claimant’s situation. As highlighted below

¹⁴ [Responding to Major Floods](#), Association of British Insurers, January 2015

(paragraph 6.3.1) consumers are often being required to supply information regarding distance between their property and bodies of water to a very specific measurement. This can be challenging and unrealistic for consumers who do not have access to the sophisticated mapping software that insurers rely on. This issue may be particularly acute for consumers in vulnerable circumstances who are not able to provide extremely accurate information.

“My insurance company accepted my claim, assured me things would be put right. The insurer sent a loss adjuster to assess damage who told me costs for damage to the house and replacement goods would be met. A week later I received an email telling me there was an exclusion in the policy and I was not covered. A second blow.”

“Our insurers would not honour our claim because the house was a small number of meters closer to water than we had said. This is despite the river that burst its banks being over 1.5 miles away and not connected to the water near our house. We were treated awfully by the company and our policy was cancelled and premium refunded by the rudest person. Even though we have held the policy for 25 years and never made a claim we were made to feel like criminals. We felt let down by the council and government but most of all by the insurance industry.”

- 5.1.4 One respondent, who had made multiple flood related claims, highlighted the frustration they had with assessors and those carrying out the work to the property following the flood. In the respondent’s view, work that was being done was often unnecessary and felt like they had to install measures or carry out certain pieces of work perhaps due to the company’s policy.

“We have been flooded many times over the past 25 years. I am appalled at how much money the insurance assessors waste in remedial work because they will not listen to experience. Flooded properties are not a group, each property has individual issues. On the last claim we only allowed certain work to proceed which was actually essential, this saved the insurer over £15,000 in work that would have been done that wasn’t really needed.”

5.2 Improve services to vulnerable consumers

- 5.2.1 One very concerning issue raised by a few consumers was the lack of specific plans put in place when claims relating to vulnerable consumers were being handled. The ABI and BIBA recently announced a new industry Code Of Practice to help vulnerable consumers at time of renewal¹⁵ but there is no specified support or route during claims proceedings. The FCA in their occasional paper on Consumer Vulnerability¹⁶ called on financial firms to help vulnerable consumers by having:

“an efficient process for referring consumers to specialist teams who have authority to make flexible decisions.”

“a culture where staff are encouraged to understand and empathise with vulnerability.”

“staff with the ability to use judgement and a flexible approach.”

¹⁵ [ABI and BIBA launch industry Code of Good Practice to help vulnerable customers](#), January 2016, ABI

¹⁶ [Occasional Paper No 8: Consumer Vulnerability](#), FCA, 2015

5.2.2 CAS is concerned with the cases of vulnerable consumers not feeling adequately looked after by their insurer during the claims process despite the FCA's guidance to firms on the matter.

“Loss adjuster was swamped by claims and I was very slow to get any assistance. Very little guidance from my insurer and loss adjuster was very unhelpful to point of giving bad advice. There really needs to be something in place to cope with displaced elderly and disabled. It took four weeks to get my elderly father alternative accommodation.”

“My mother is 80, and has mobility issues, and lives in a basement flat which was flooded. It had been refurbished recently with disability access (handrails, wide doors etc.) This was flooded and while out of her home the insurance company would not find alternative [disability accessible] accommodation. She has to live in an unsuitable place where she has already fallen twice which has affected her confidence and independence. The insurer has told me “you can't insure for a disability”. Every day I fear she is going to fall on the stairs and who is responsible for that? Very frustrated!”



Goal 2: Insurance cover should support physical and financial recovery for consumers

Recommendation 4: ABI and BIBA to consider building on the existing vulnerable consumer code of practice to ensure vulnerable consumers receive adequate and appropriate assistance throughout the claims management process.

Recommendation 5: Insurers should establish policies or systems that will identify and prioritise claims and remedial work for vulnerable consumers to ensure their safety is not compromised in their own homes or alternative accommodation.

6. Creating fair and realistic information and referral measures for flood risk

6.1 Clearer signposting and information on key organisations

- 6.1.1 Many of the consumers who responded to our survey voiced concern and frustration at the lack of signposting on who was responsible for what when it comes to reducing the risk of flooding. It was clear from responses that there is poor consumer understanding and insight when it comes to what different agencies are responsible for, in relation to flood mitigation. Such confusion covers Scottish Water, Local Authorities, Scottish Government, UK Government and SEPA. Some consumers told us when they tried to get information about getting work done to mitigate flooding; they were passed from one agency to another with no one seemingly taking responsibility.

“Our flood was a direct result of inaction by organisations not doing enough; they should have [cleared] trees blocking a bridge in our village. In my opinion there is no one looking out for [our] interests... the local authority have no authority for flooding, SEPA appear more interested in fish than humans, politicians only seem to worry about how much it will cost.”

“the debate as to why we flood is ongoing, and could be sorted, but no one, from the Scottish Government down will take individual responsibility.”

“at a public meeting in 2012 where funding for the work was [presented as] ‘ringfenced’ they are now saying that is not the case and are awaiting funds from central government. I have contacted them several times but got no response.”

“flooded very badly, partly because the local authority had not maintained the flood barriers. The council ignored SEPA advice regarding building on land that was meant to be kept as a pumping station. How come councils can ignore SEPA and Government agencies when they are saying what should be done to protect us?”

“The worst aspect is that substantial flood defence has been built by the council but this has had no effect on insurers (even after I provided a letter from the council about the installed measures).”

- 6.1.2 Responsibilities for flood risk management are set out in the Flood Risk Management (Scotland) Act 2009, however it is not always clear how this applies to consumer on the ground. CAS is concerned that current strategies relating to flood mitigation do not have people who are victims of flooding at the heart of the process. The needs of and ongoing assistance for those individuals who have their lives turned upside down by flooding events need to be at the centre of flood mitigation planning, and clear points of responsibility and accountability need to be shared by the Scottish Government with consumers and other relevant stakeholders. A single point of contact and easy to understand consumer facing landscape is needed in Scotland to provide consumers with signposting to, and understanding of, flood mitigation work and risk assessment.

6.2 Improve mechanisms to facilitate the transfer of complex information

- 6.2.1 The current situation of policyholders having to relay complex technical flood management information between local authorities and insurance companies is not satisfactory and needs to change. Improved information channels related to local

flood mitigation work is needed to allow insurers to make a reasonable assessment of risk and an appropriate premium to be levied on policyholders.



Goal 3: Insurance charges should take into consideration work to mitigate flooding

Recommendation 6: Scottish Government to appoint and fund an initiative to take responsibility for and coordinate public facing help for consumers regarding flood mitigation work and flood risk assessment. This could be delivered by extending work carried out by an existing agency, such as SEPA, or could be

seen as an opportunity to fill a gap in consumer assistance by the proposed Consumer Scotland agency. Work done to protect neighbourhoods should be shared in full between local authorities and insurers.

6.3 Establish realistic and fair practices for consumers

6.3.1 Consumers who live in flood risk areas are being asked very complex, technical questions about topography and water course geography for which they do not feel qualified to answer. This information in turn appears to be important for assessment and provision of the insurance product. If the information the consumer provides turns out to be incorrect (because it can be particularly difficult to be accurate as a lay consumer) it could invalidate the policy. Such examples include the height of the land the house is on relative to sea level to the nearest meter and how much is being spent on flood mitigation by the local authority.

“One specialist company is at least talking to me. However the process is painful and I feel that I am under suspicion. I am being pressed to give answers on matters completely outside my control and knowledge and told that any wrong answers will invalidate any insurance. For example, as part of its assessment, the company wants to know what the Council and the Scottish Government are doing to prevent future flooding. Although the council website has links to schedules of planned work and completed work respectively, there is no work listed. I have had to write to the council to find out about completed and planned flood prevention work. SEPA publishes Flood Management Strategies. Although these have laudable objectives (e.g. reduce flood risk) there is no evidence of any actual plan e.g. actions, dates, resource allocation etc. I now need to write to SEPA to try to get some concrete information that I can pass on to the insurance company. Could a system be established whereby central and local government inform insurance companies and brokers about completed and planned flood prevention measures? It is unrealistic to expect members of the public to be responsible for keeping companies informed about the actions of public bodies. And if everyone who lives in an affected area writes to councils and SEPA, government will grind to a halt. The same company wants to know exactly how much higher than the river my house is. When I was struggling to answer the adviser suggested that I guess. Again a wrong answer could invalidate the insurance. I am wrestling with Google Earth and OS maps to access sufficient topographical information to work out the height differential. Could OS and companies get together and set up a system linking topographical information to postcode?”

“I am always asked how far exactly from the river but don't know how much this affects premiums as not made clear.”

- 6.3.2 The farming-out of risk or responsibility to consumers to make a decision and assessment of geographical data is concerning for many who do not have the knowledge or skillset to accurately produce such information. CAS are concerned that large numbers of consumers who are vulnerable from flooding may, unwittingly, be invalidating any policy because they are not experts in the geography of the locality surrounding their property.

CASE STUDY - BALLATER

Homeowners in the Deeside town of Ballater had significant problems making claims with an insurer after floods that devastated the town in December 2015. The clients of insurers Integra, were informed that their policies had been “voided” because they had not provided correct information regarding how far their homes were from the local River Dee¹⁷.

Policyholders from the town were informed in February 2016 that their policy had been voided as they lived within 400m of a river. However the residents claimed that this was never made clear at the point of sale, nor did the flooding event come from the part of the river they live near.

Following widespread media coverage and questions in Parliament,¹⁸ Integra announced in March 2016 that they would make a ‘goodwill payment’ – rather than a legally required payment - to the householders. The firm supported its payments with the following statement¹⁹:

“A small number of our customers have been notified that their home insurance policy with Integra has been voided. It’s very rare that we void policies as this only ever occurs in situations where the information provided by the customer at quotation stage and at renewal differs fundamentally to the facts. Had we been aware of these facts then no quotation or offer of cover would have been provided by Integra.”

¹⁷ [Insurance wrangle for Ballater flood residents](#), BBC News, 29 February 2016

¹⁸ [Flooding in Ballater](#), Stuart Donaldson MP, 10th March 2016

¹⁹ [Insurance firm to make Ballater goodwill flood payments](#), BBC News, 22 March 2016

CASE STUDY Mrs Z vs Millennium Insurance²⁰

Mrs Z had her insurance policy voided after her insurance company, Millennium Insurance, said she had misrepresented the distance her property was from a nearby river and whether it was in a flood risk area when she bought the policy. Mrs Z had in fact had made an estimate of the distance, but had made clear this was just a guess and had not been told this could be used to void her policy. She took her complaint to the Financial Ombudsman Service (FOS), which investigated and found that she had answered all questions in good faith and that this mistake could not be relied upon to void her policy. Millennium appealed on the basis that consumer knowledge should not be used as “a convenient get-out to all issues of non-disclosure” and that Mrs Z could have easily “paced out” the distance between her home and the river.

The Ombudsman upheld the original decision which did not accept that consumers should know exact distances, nor that they should be expected to “pace out” distances to watercourses. FOS upheld her complaint in full and required Millennium to pay £150 in compensation as well as settle the claim that she had made.



Goal 4: Each property should be assessed according to its own merits.

Recommendation 7: Insurers should take reasonable steps to determine the flood risk associated with individual properties. Consumers should not be expected to provide difficult to obtain measurements which are later used to void policies if they are incorrect.

²⁰ [Decision Number: DRN3276446](#), Financial Ombudsman Service, 21/11/2014

6.4 Protect consumers from inappropriate use of official flood information

6.4.1 The Scottish Environment Protection Agency (SEPA) produce flood maps which provide indicative and strategic estimates of flood risk areas of Scotland. These are publically accessible online through the SEPA website²¹. SEPA have made it clear on their terms and conditions of the flood maps that they are for “*individual personal use only*” and it is “*inappropriate for these Flood Maps to be used to assess flood risk to an individual property.*” Despite these assertions some respondents to our survey stated frustrations that they believed insurance firms were using the flood maps to determine flood risk.

“SEPA flood maps have condemned property owners from getting affordable flood insurance”

“The brokers told me that as long as the property remained in the SEPA designated ‘vulnerable’ red area on the map, they could not get a quote for me”

“SEPA issued a flood map showing the level of risk that could affect areas. They do have a disclaimer on the site saying that this must not be used by insurance companies to determine risk. What a joke! Of course they, and everyone else will and are using this to determine risk to a property – to imagine otherwise is at best naïve.”

6.4.2 While the SEPA flood maps are no doubt a useful tool for strategic planning of flood mitigation on a national basis, they should be used for the purpose they were intended to meet. The experience of some consumers is that they are being used as a barrier to accessing flood insurance. Information regarding flood risk should be obtained from the local authority which is qualified to provide risk information based on their involvement in any processes to install flood prevention and associated financial investment. Additionally local authorities are best placed to provide up to date and accurate information about general flood risk in their area.

Recommendation 8: Insurers should commit publically that they do not, and will not use SEPA flood maps to assess flood risk as per SEPA’s guidance.



Goal 4: Each property should be assessed according to its own merits.

²¹ [SEPA Flood Maps](#), Scottish Environment Protection Agency, 2015

7. Survey Results

Survey Question Results

7.1 In total 25 questions were asked, some of which all respondents answered and others which were follow up questions for particular respondents for whom the questions was relevant. For example “Why did you not switch”, was not asked of those who had switched. Appendix A shows a logic tree of the questions asked.

Past flooding and Risk

7.2 The majority of respondents to the survey had faced issues with flooding in their street (72%) and their property (61%) in the past ten years.

Q1 Has your street had flooding issues in the past ten years?

Yes	129	72%
No	44	25%
Don't know / can't recall	5	3%
Total	178	100%

Q2 Has your current home been affected by flooding in the past ten years?

Yes	109	61%
No	66	37%
Don't know / can't recall	3	2%
Total	178	100%

7.3 Knowledge of the risk level associated with the respondent’s property was low with 25% of respondents not knowing if their property was at risk or not and a further 31% not knowing the risk level. Surprisingly, knowledge of the risk is not any higher amongst the 109 respondents who had said they had been flooded in the past ten years in response to Question Two. Of those who had been flooded in the past ten years, 19% did not know if their property was at risk of flooding and a further 31% did consider it at risk but not at what level.

Q3 Do you currently know whether your home is considered as at low, medium or high flood risk?

Low risk	24	13%
Medium risk	11	6%
High risk	33	19%
It's at risk but I don't know what level	56	31%
My home is not at risk	10	6%
Don't know	44	25%
Total	178	100%

- 7.4 Registration on the Floodline alerts system by respondents was high with 76% reporting that they had signed up. Sign up rates to the service was higher amongst those who had previously been flooded with 85% of such households reporting they had signed up to Floodline.

Q4 Are you registered for free Floodline service from SEPA?

Yes	136	76%
No	34	19%
Don't know / can't recall	8	4%
Total	178	100%

Previous flood related insurance claims

- 7.5 In total 42% of respondents to the survey had experience of making at least one insurance claim due to flooding. Of these 74 respondents 7% had claimed more than once. For the 109 who had been flooded in the past ten years, 34% had not made a claim on their insurance.

Q5 Have you claimed on your home insurance for flood damage in the past ten years?

Yes, once	62	35%
Yes, more than once	12	7%
No	103	58%
Don't know / can't recall	1	1%
Total	178	100%

- 7.6 The majority of claims, 57%, were for £40,000 or less. 10% of claims were valued less than £5,000.

Q6 How much was the total of your most recent claim (including any excess you paid personally)?

Less than £5,000	7	10%
£5,001 to £20,000	17	24%
£20,001 to £40,000	16	23%
£40,001 to £60,000	8	11%
£60,001 to £100,000	12	17%
£100,001 to £200,000	2	3%
£200,000 +	0	0%
Don't know / can't recall	6	8%
Prefer not to answer	3	4%
Total	71	100%

How much was claimed on most recent claim



Current insurance policies

7.7 The majority of respondents (96%) did have home insurance, however 13% of those told us that their home insurance did not cover them for flood damage and a further 12% with insurance did not know if it covered them in the event of a flood. For those who had been flooded previously, just over three quarters (76%) reported having insurance that covered them for flooding. However, just over one in ten who had insurance did not know whether it covered for flood damage or not.

Q7 Do you currently hold home insurance?

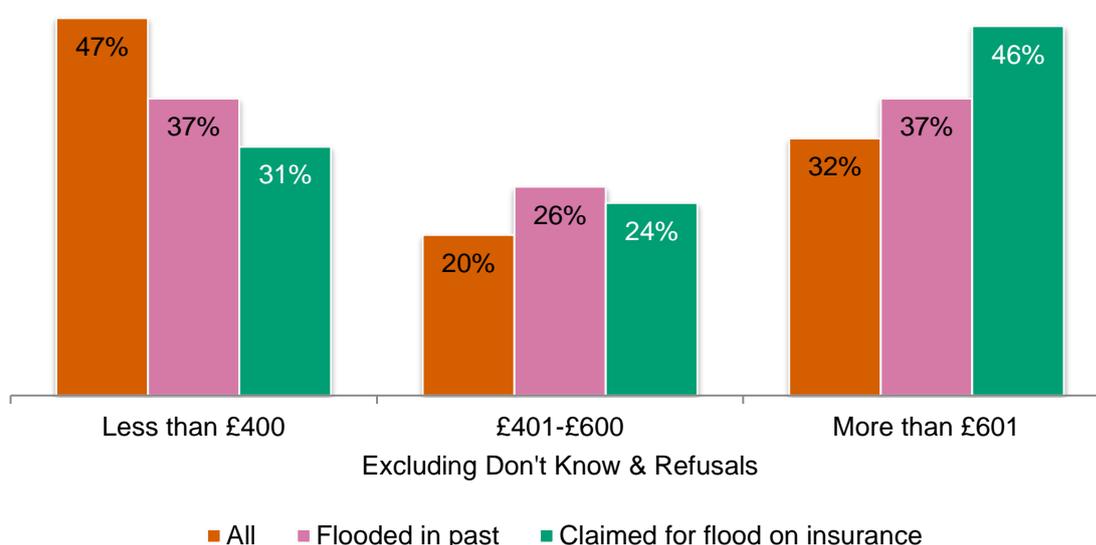
Yes	123	72%
No, I have no home insurance	7	4%
Yes, I do have home insurance but it excludes flood damage	22	13%
I have home insurance but I do not know if it covers flood damage	19	11%
Total	171	100%

7.8 Question Eight was only asked of those individuals who had insurance which covered for flooding or they did not know if flooding was covered. Those who had no insurance or whose policy excluded flood damage were not asked the question (see logic tree in Appendix A). The majority of respondents, 67%, paid less than £600 a year for home insurance. Those who had been flooded in the past or made a claim for flood damage in the past faced higher premiums. For example 46% of those who had made claims in the previous ten years saw costs higher than £600, this is compared to just 32% of all respondents. Over two thirds (70%) of those paying £400 and less had not made any previous claims. However 12% of respondents were paying £1,000 a year and above, a significant premium which would be unaffordable to some households.

Q8 How much do you currently pay for home insurance?

Less than £200	13	10%
£201 to £400	43	35%
£401 to £600	24	19%
£601 to £1000	24	19%
£1,001 to £2,000	12	10%
£2,001 to £4,000	1	1%
£4,001+	1	1%
Don't know	5	4%
Prefer not to answer	1	1%
Total	124	100%

How much do you currently pay for home insurance?



7.9 Question Nine revealed that only around 11% of respondents had been encouraged to sign up to Floodline or install flood prevention measures by their insurer. For those who had been flooded in the past ten years this was higher at 18% but still meant eight out of ten consumers who had been flooded in the past are not being signposted to flood mitigation or flood alerts systems by their insurers. Additionally only one respondent to Question Ten stated they had received a discount as a result of installing flood protection or being in receipt of flood alerts. 98% of respondents who had taken these actions had not received, or at least been informed of any discount from their insurer.

Q9 Has your insurer or broker ever encouraged you to sign up to an alert service (e.g. Floodline) or install flood prevention measures?

Yes	14	11%
No	101	80%
Don't know / can't recall	11	9%
Total	126	100%

Q10 Have you ever received a discount from your insurer as a result of installing flood protection measures or signing up to Floodline?

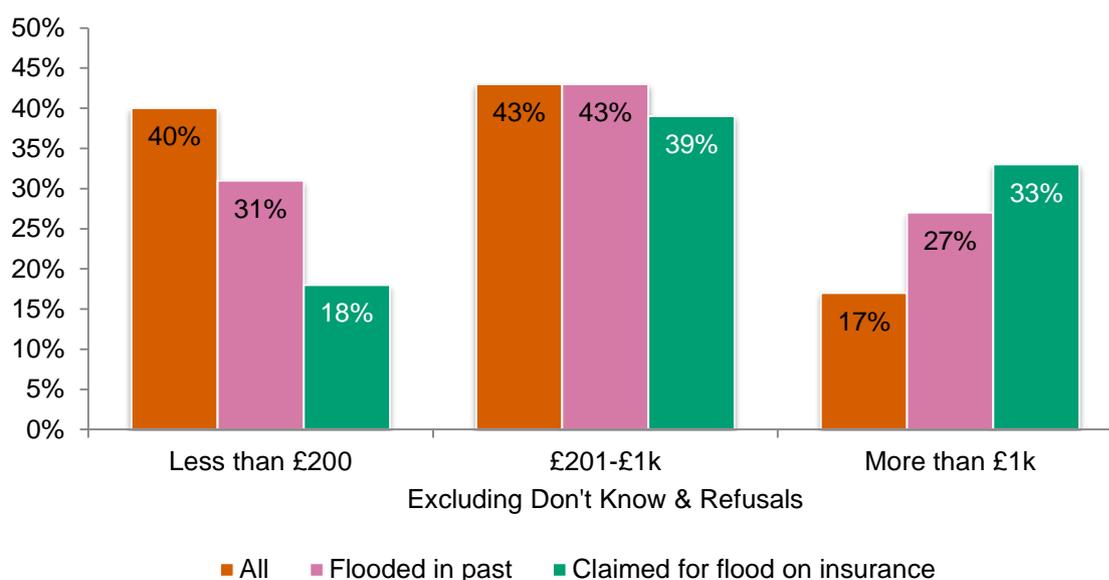
Yes	1	1%
No	88	70%
Not applicable - I have not done these things	30	24%
Don't know / can't recall	7	6%
Total	126	100%

7.10 The majority, 61%, of respondents had an excess of between £100 and £400. A fifth of those who had been flooded in the past and almost a third of those who had claimed previously had an excess of over £3,000.

Q11 What is the level of excess on your current policy?

Less than £100	9	7%
£101 to £200	34	27%
£201 to £400	31	25%
£401 to £600	10	8%
£601 to £1,000	5	4%
£1,001 to £3,000	4	3%
£3,001+	14	11%
Don't know	16	13%
Prefer not to answer	3	2%
Total	126	100%

What is the level of excess on your current policy?



Uninsured households

- 7.11 Only seven respondents to the survey stated they had no insurance. The most common reason selected was that they rented the accommodation. Answers for this question were multiple choice.

Q12 Why do you have no home insurance cover? (select as many as apply)

Don't need insurance as I rent	4
Excess too high / can't afford	1
Premium too expensive / can't afford	1
Can't get the level of cover I want	1
Had bad experience of insurance in past	0
Don't trust insurers	0
Don't think I need it / I will probably never claim	1
Willing to take the risk / will cover my own losses	1
I am covered by common building insurance	0
Didn't think about it	0
Don't know	0
Other	0
Total	9

- 7.12 For those whose cover did not extend to flooding the main reason given was the insurer deemed the flood risk too high and excluded such damage from the cover provided. Answers to this question were multiple choice.

Q13 Why does your current home insurance not include cover for flood damage? (select as many as apply)

I claimed for flood damage in the past and my insurer will now not cover me	3
I chose to exclude flood damage to keep premiums down	1
I moved insurance provider and they didn't provide flood damage cover	1
My insurer says I live in too high a flood risk area and won't provide cover	10
Unoccupied property	2
Don't know	2
Other (please specify)	6
Total	25

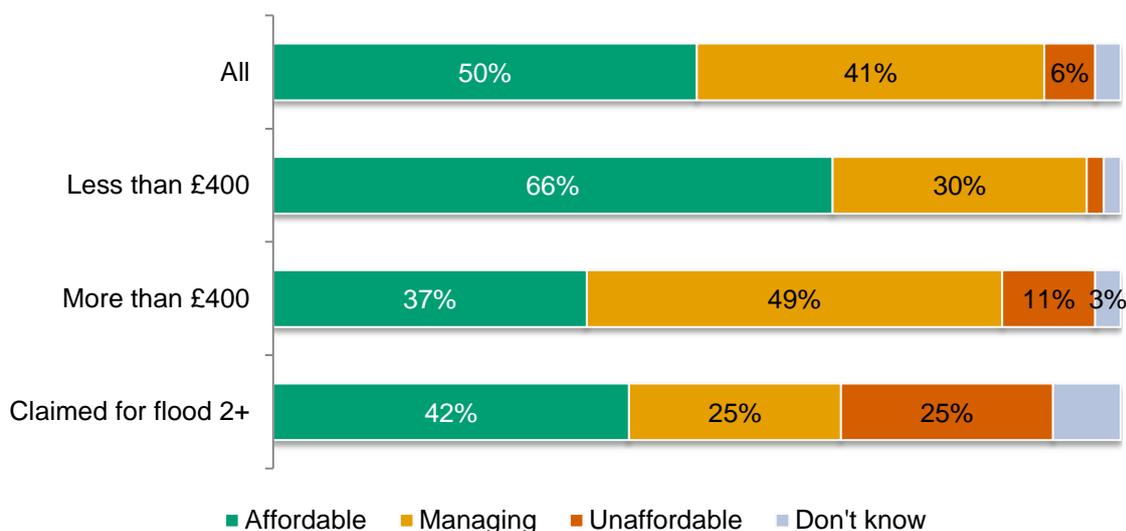
Affordability of insurance

7.13 Half of respondents said they found making their insurance payments affordable, this rose to 66% for those who were paying less than £400 a year. Around 41% told us they could manage the payments but had to make savings elsewhere to do so, this rose to 49% for those who were paying over £400 a year. 6% of respondents reported they struggled to make insurance payments and it was unaffordable to them. This rose to 25% for those who had claimed more than once for flood related damage on insurance policies in the past and 9% who had been flooded in the past ten years.

Q14 How affordable do you find it to pay your home insurance premiums?

Affordable, I have no problems making payments	73	50%
Managing, I can afford the cost but have had to save elsewhere	60	41%
Unaffordable, I have found it difficult at times to make payments due to lack of funds	9	6%
Don't know	5	3%
Total	147	100%

How affordable do you find it to pay your home insurance premiums?



7.14 Around a quarter of respondents did not know what level of no claims bonus they currently had and 27% had no bonus. Those paying less than £400 were more likely to have a no-claims bonus of 6 years or more.

Q15 What level of no claims bonus do you have on your home insurance? (please estimate if not sure)

I have no 'no claims bonus'	40	27%
1 year	5	3%
2-3 years	13	9%
4-5 years	13	9%
6-10 years	21	14%
11 years	19	13%
Don't know	35	24%
Total	146	100%

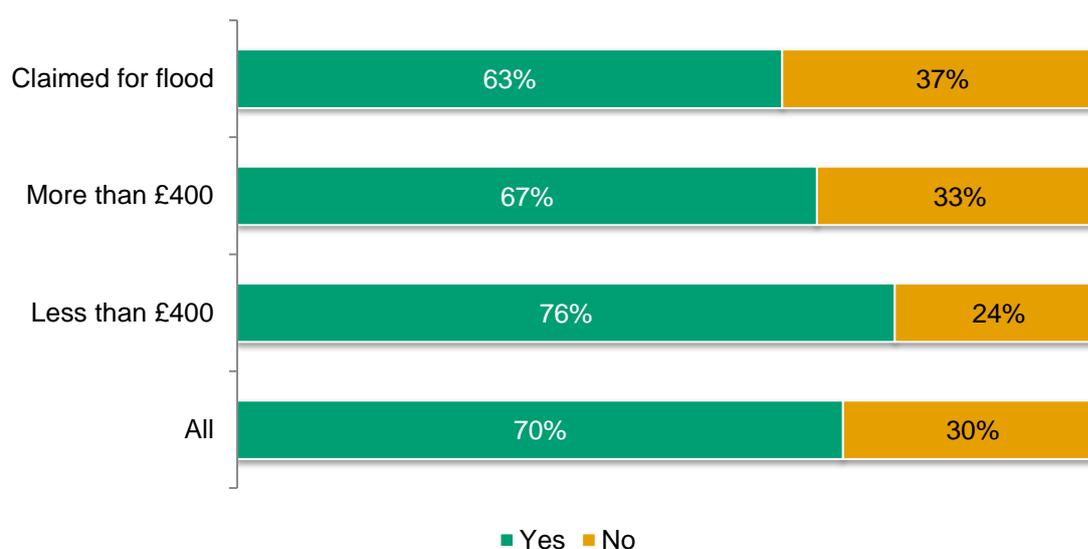
Shopping Around

7.15 While 70% of respondents reported looking at alternative providers before renewing this dropped to 63% for those who had claimed on their insurance in the past for flood damage. Interestingly those paying less than £400 were more likely to shop around (76%) than those paying over £400 (67%) suggesting price as a push factor²² in encouraging consumer switching is not as strong as other reasons.

Q16 Thinking about the last time you got a renewal notice from your home insurer, did you look at alternative providers before renewing?

Yes	101	70%
No	44	30%
Total	145	100%

Did you shop around?



²² "Push factors – where a customer is 'repelled' by some part of their existing provider's product or service and therefore feels compelled to shop around." [Optima Research for Financial Conduct Authority](#), March 2015

7.16 For those who did shop around, price comparison websites were the most commonly used tool, with consumers contacting individual companies themselves also being a popular choice.

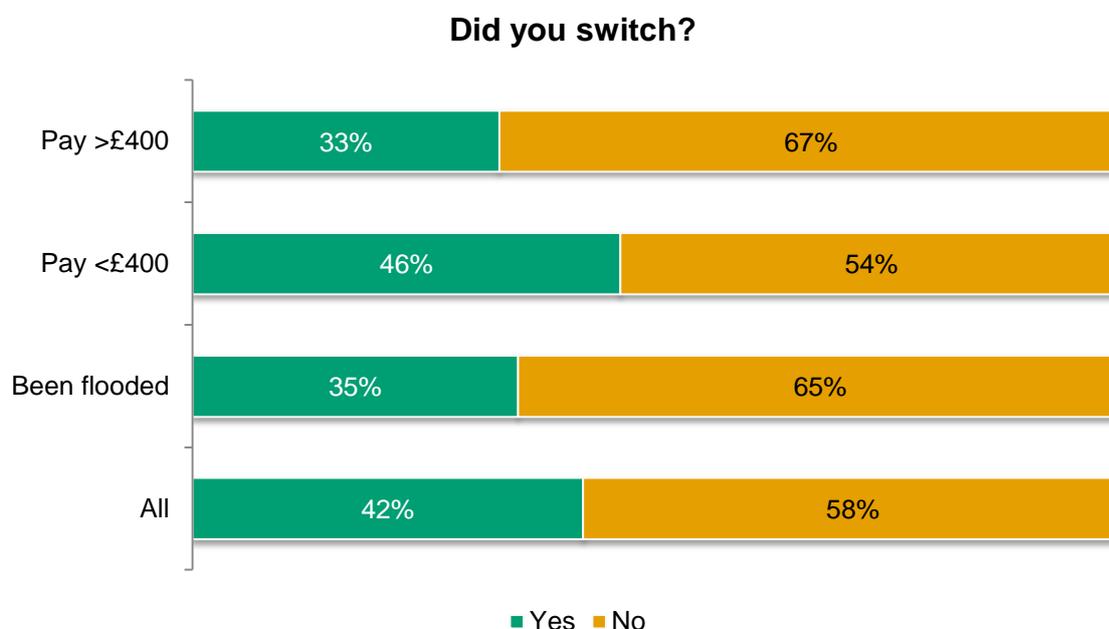
Q17 What methods did you use to compare home insurance? (select all that apply)

Comparison websites	80
Insurance broker	32
Contacted individual insurers for quotes	44
Change of supplier recommended by family / friends / neighbours	10
Information from flood action group / Flood Forum	5
Don't know	2
Other (please specify)	1
Total	174

7.17 Of the respondents who had shopped around 42% switched their supplier. This drops to 35% of those who have been flooded in the past ten years. Those paying less than £400 were more likely to switch as well as shopping around with only 33% of those paying over £400 switching. This could suggest that competition for customers is much stronger for those who have premiums under £400, possibly linked to previous claims and/or flood risk.

Q18 As a result of comparing did you switch to a new insurer?

Switched to new insurer	42	42%
Did not switch - stayed with current insurer	58	58%
Total	100	100%



- 7.18 The most selected reason for switching by respondents was that the new premium was cheaper than their current cover. Additionally those seeking to leave an insurer who had significantly increased their premium were significant. Respondents were asked to pick two responses.

Q19 What were the main reasons you switched?

New insurer premium was cheaper	29
New insurers excess was lower	3
New insurer provided better cover / less exclusions	6
New insurer had better 'claims protection cover'	0
I wanted to leave current insurer because of bad experience	2
Current insurer had increased premium significantly	14
Current insurer had changed exclusions / what was covered	8
Recommendation from third party (e.g. Flood Forum, Citizens Advice)	1
Don't know	0
Other (please specify)	3
Total	66

- 7.19 For those who did not switch the most common reason was they could not get covered by a different insurer, while finding no cheaper premiums than their current offer was also a significant reason.

Q20 Why did you decide not to switch? (select all that apply)

No cheaper insurer	19
No alternative insurer would provide me with level of cover I wanted / had with current insurer	38
Alternative insurers excess too high	8
Too much hassle	1
Like my current insurer	10
Current insurer provided best discount for my no claims bonus	1
Don't know	0
Other (please specify)	8
Total	85

7.20 Those who did not shop around were generally happy with their current cover. The ease of allowing insurance to roll on another year was mentioned as was previous good experiences of current insurer. Some respondents highlighted that they were either worried that they would not get insured elsewhere or had completely given up due to a poor experience of switching in past.

Q21 Why did you not compare alternative insurers? (select all that apply)

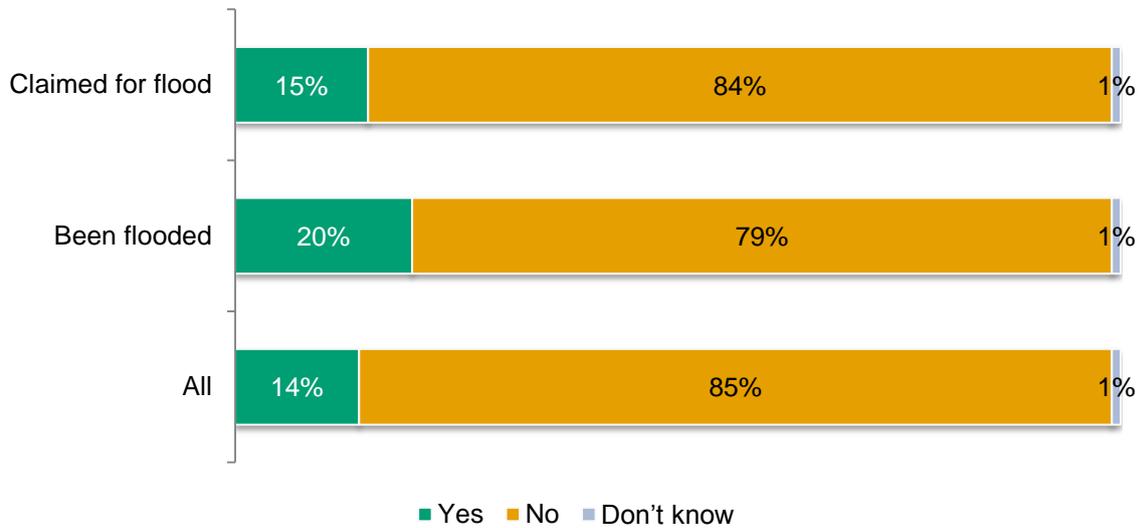
No time / too much hassle	8
Easier to allow insurance to continue	10
Happy with premium charges by current insurer	11
Happy with cover provided by current insurer	11
Good experience of claiming with current insurer	9
Bad experience of switching / comparing in past	2
All insurers are the same / no point in switching	1
Worried about changing and losing flood cover	5
Given up looking as been rejected so many times	6
Don't know	3
Other (please specify)	6
Total	72

7.21 Less than 15% of respondents who had claimed for flood damage said they had considered going without home cover due to it being unaffordable. This rose to 20% for those who had previously been flooded.

Q22 Have you ever considered going without insurance or cancelling insurance due to the cost of premiums being unaffordable?

Yes	20	14%
No	120	85%
Don't know	1	1%
Total	141	100%

Have you considered going without insurance because cost was unaffordable?



Flood Re

7.22 Knowledge regarding Flood Re was low amongst consumers with only 30% of respondents saying they had heard of Flood Re. The same percentage of consumers who had previously been flooded (30%) had heard of Flood Re suggesting that even in those households with the most to gain from knowledge of Flood Re it was not widely known. As Flood Re was just being launched after this survey was carried out, it should be possible to see through conducting further research, if knowledge improves of the scheme as it progresses.

Q23 Were you aware of Flood Re before this survey?

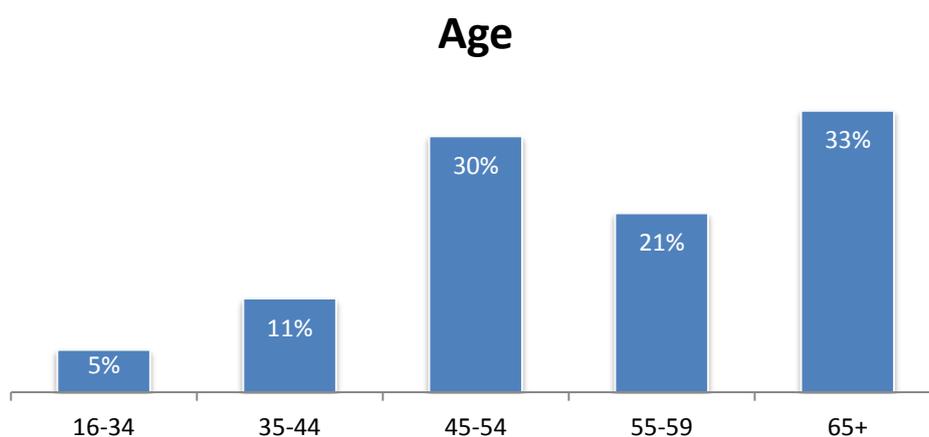
Yes	44	30%
No	103	70%
Total	147	100%

About the respondents

7.23 In addition to questions regarding their insurance cover and flood risk we also collated data regarding respondents' demographics. Below is a summary of the respondents who completed the survey.

Age

7.24 Out of 178 participants, 127 provided age information. Over half (54%) of the respondents that completed our survey were over 55. Those aged under 35 only represented 5% of the respondents. This may be due to homeowners being the majority of respondents to the survey (see section E) and homeownership being the lowest amongst under 35's.²³ One third of respondents were over 65 years old.



Age	Responses	%
16-34	6	5%
35-44	14	11%
45-54	38	30%
55-59	27	21%
65+	42	33%
TOTAL	127	100%

Gender

7.25 126 respondents provided a gender with the majority (53%) female.

Marital Status

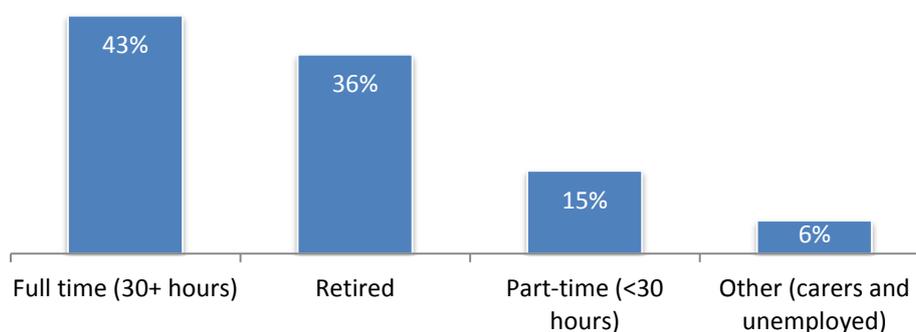
7.26 There were 129 respondents who provided information regarding their marital status, the majority of whom were married or living as a couple (74%). 10% identified as single with a further 10% identifying as separated or divorced.

Working Status

7.27 There were 129 respondents who provided working status information. A high proportion of respondents were retired (36%) most likely linked to the fact that 33% of respondents were over 65. While student was an option, no respondents selected this.

²³ [Understanding the Housing Aspirations of People in Scotland](#); Scottish Government; September 2015

Working Status



Working Status	Responses	%
Full time (30+ hours)	55	43%
Part time (<30 hours)	19	15%
Unemployed	2	2%
Retired	47	36%
Unable to work due to health condition/disability	4	3%
Full time carer	2	1%
TOTAL	129	100%

Housing Tenure

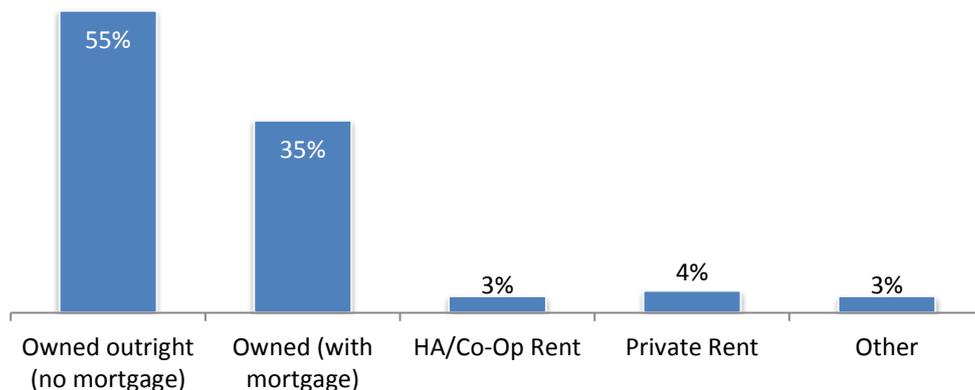
7.28 The overwhelming majority of respondents were homeowners (89%), well in excess of the 60% of the Scottish population as a whole.²⁴ It has been established by other studies that those in rented accommodation are less likely to have home insurance, 46% have no contents insurance²⁵ and therefore are less likely to be attracted to taking a survey regarding insurance. Local authority rent was an option given but no respondents selected it.

Housing Tenure	Responses	%
Owned outright (without mortgage)	70	55%
Owned (with mortgage)	45	35%
Rented from Housing Association or Co-Operative	4	3%
Rented from Private Landlord	6	4%
Living with family	1	1%
Temporary accommodation	1	1%
Caravan/mobile home	1	1%
TOTAL	129	100%

²⁴ [Understanding the Housing Aspirations of People in Scotland](#); Scottish Government; September 2015

²⁵ [Scotland: No home contents insurance](#); The Poverty Site, Scottish Household Survey data; February 2011

Housing tenure



Location and Rurality

7.29 There were 115 respondents who provided postcode data which was used to identify the location of their property. The map (*page 33*) displays the areas where the respondents properties were located and the tables display local authority, rurality index and SIMD data. There were clusters of 3 or more respondents in Stonehaven, Ballater, Port Elphinstone/Inverurie, Comrie and Water of Leith Edinburgh. This represents a good geographical spread of known flood issues across Scotland.

7.30 Areas that flooded in the past year were highly represented such as Aberdeenshire (36%), Perth and Kinross (9%) and Dumfries and Galloway (10%). Additionally local authorities which have a history of significant flooding events were also represented significantly with Edinburgh (10%) and Stirling (4%).

Urban/Rural	Responses	%
Large Urban	13	11%
Other Urban	35	31%
Accessible Small Towns	5	4%
Remote Small Towns	6	5%
Accessible Rural	25	22%
Remote Rural	31	27%
TOTAL	115	100%

7.31 There were more respondents living in rural areas (49%) than the Scottish population share (18%) and significantly fewer respondents living in large urban areas (11%) than the overall Scottish population (35%).

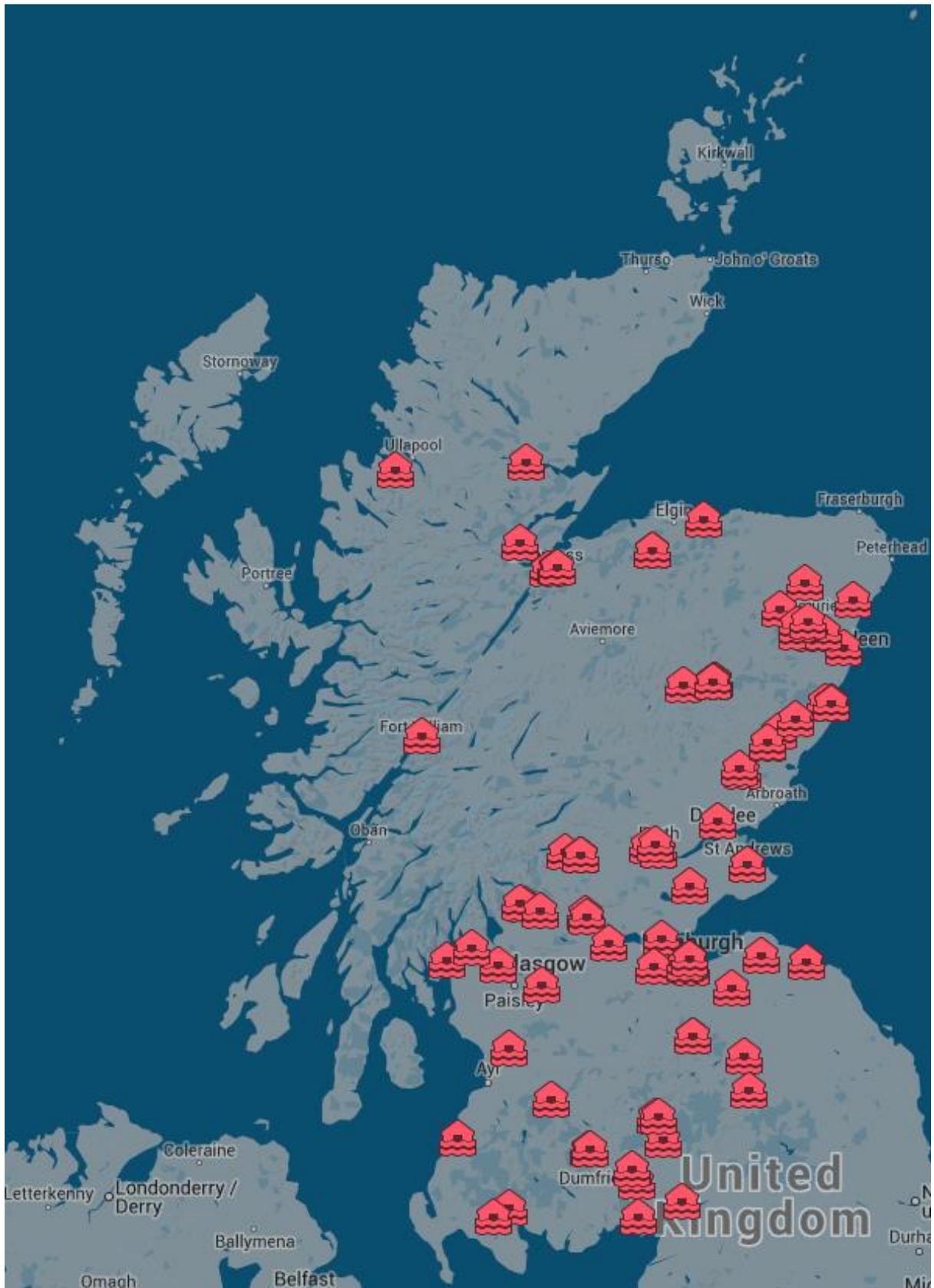
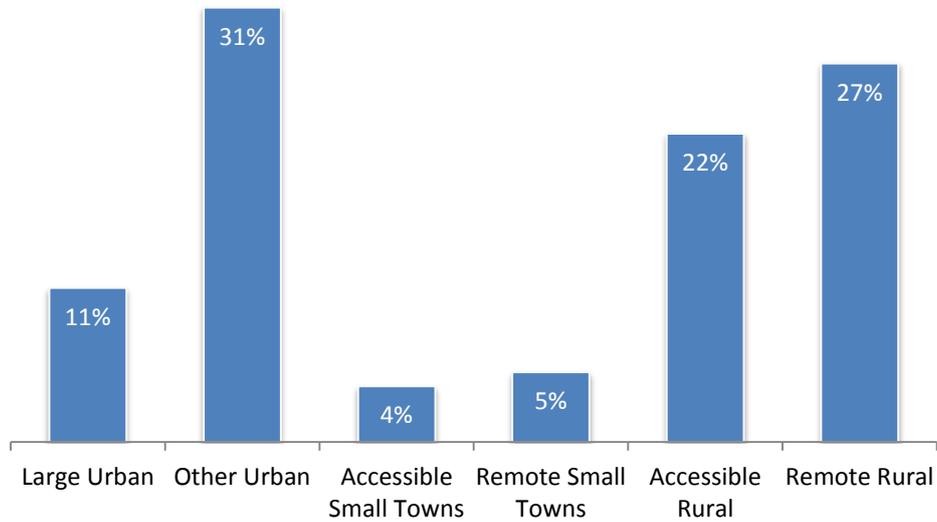


Figure 1: Location of respondents to survey

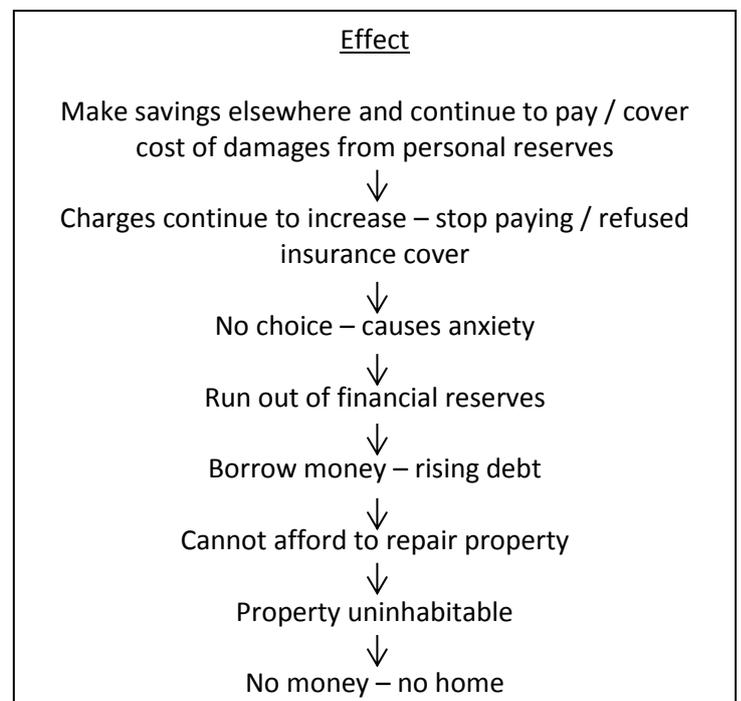
Urban Rural Classification



Local Authority	Respondents	%
Aberdeen City	1	1%
Aberdeenshire	41	36%
Angus	5	4%
Argyll & Bute	2	2%
Dumfries & Galloway	11	10%
East Ayrshire	2	2%
East Lothian	2	2%
Edinburgh	11	10%
Falkirk	1	1%
Fife	4	3%
Glasgow City	1	1%
Highland	7	6%
Midlothian	1	1%
Moray	4	3%
Perth & Kinross	10	9%
Scottish Borders	4	3%
South Ayrshire	1	1%
Stirling	5	4%
West Dunbartonshire	1	1%
West Lothian	1	1%
TOTAL	115	100%

8: Conclusions

- 8.1 Throughout this research report there is clear evidence that some Scottish consumers are finding themselves excluded from accessing insurance that will cover them for flood damage. The report has made a number of recommendations aimed at a variety of interested parties in the flooding and insurance landscape such as Association of British Insurers, Scottish Government and Price Comparison Websites. CAS, as Scotland's consumer champion, will engage with key stakeholders and will advocate to have these recommendations implemented for the benefit of consumers in Scotland that live in flood risk areas.
- 8.2 Key findings from our survey of flooded households found that 80% of those in flood risk areas had never been encouraged by their insurer to install flood mitigation measures. In addition, of those we spoke to who had been flooded twice or more, a quarter of them found their insurance premiums unaffordable. While 70% of the consumers we spoke to did shop around only 42% of them switched with those paying the most least likely to switch. Consumers reported that they were most likely not to switch due to being excluded from the market and not being able to find another insurer who would provide them with the cover needed. Worryingly 1 in 5 (20%) consumers who had been flooded in the past told us they had considered going without insurance because the cost was unaffordable to them.
- 8.3 The link between rising insurance costs and reduced financial and personal resilience for those in flood prone areas was apparent in many of the responses we received from those worst hit by the effects of flooding. The stories presented by research respondents demonstrate clear correlation "cause and effect journey" for consumers as can be illustrated in the model below. Outcomes for consumers who cannot access affordable insurance can be devastating.



- 8.4 This being said it must be recognised that for the majority of consumers having insurance makes them more resilient to significant events both financially and personally. It is key therefore that this benefit is recognised and replicated for those currently left excluded either by not being able to source or afford suitable cover.
- 8.5 The new Flood Re scheme developed by the UK Government and Insurance industry to ensure that flooded homeowners can access affordable insurance should aim to answer many of the concerns raised in this report. This scheme was launched in April 2016 and is aimed at providing assistance to many of the issues highlighted in this report. The research for this study was carried out before Flood Re was implemented and as such these findings provide a baseline against which future research can be carried out to establish the success, accessibility and effectiveness of the Flood Re scheme. At the time of our survey around one third (30%) had heard of Flood Re and much more will need to be done in order to bring attention to the scheme for those who struggle to get affordable insurance.
- 8.6 In qualitative feedback we found that many householders were frustrated at the perceived lack of co-ordination between different agencies and levels of government to provide flood mitigation. Clearly significant work is being carried out by various bodies to support communities at risk from flooding. However, often it appears that the way in which this is communicated to consumers, including how consumers' queries are answered by the various bodies, fails to meet consumers' needs.
- 8.7 Additionally, reports of poor handling of vulnerable consumers making insurance claims and seeking assistance are especially worrying. We commend the ABI and BIBA for their work in establishing a vulnerable consumer code for renewals but would encourage the industry to consider how this could be extended to support vulnerable consumers at the time of both making a claim and for the duration of the claim process.

9: Review of Recommendations

Goal	#	Recommendation	Who for	Outcome	Page
Goal 1: Affordable insurance should be accessible to flood risk consumers	1	Flood Re must address the growing number of consumers who are unable to access any insurance options. It should be transparent so consumers know when they are benefitting from a Flood Re backed policy. This could be done through clear associate branding in renewal letters or policy documentation.	Flood Re	Consumers are able to access affordable insurance cover despite previously being flooded	8
	2	Price comparison websites should improve their signposting to specialist insurance providers or other assistance such as brokers or flood advice agencies where they are unable to provide a suitable provider.	Price Comparison Websites	Consumers unable to get a suitable quote online will be signposted to other insurers and information on Flood Re	9
	3	PCWs and the FCA should consider the advantages of developing a similar scheme to the OFGEM Confidence code for price comparison websites.	Price Comparison Websites and FCA	Consumers will have better confidence in Price Comparison Websites	9
Goal 2: Insurance cover should support physical and financial recovery for consumers	4	ABI and BIBA to consider building on the existing vulnerable consumer code of practice to ensure vulnerable consumers receive adequate and appropriate assistance throughout the claims management process.	ABI and BIBA	Vulnerable consumers will receive the support they need following making a claim	12
	5	Insurers should establish policies or systems that will identify and prioritise claims and remedial work for vulnerable consumers to ensure their safety is not compromised in their own homes or alternative accommodation.	Insurers	Vulnerable consumers will receive the support they need following making a claim	12

<p>Goal 3: Insurance charges should take into consideration work to mitigate flooding</p>	<p>6</p>	<p>Scottish Government to appoint and fund an initiative to take responsibility for and coordinate public facing help for consumers regarding flood mitigation work and flood risk assessment. This could be delivered by extending work carried out by an existing agency, such as SEPA, or could be seen as an opportunity to fill a gap in consumer assistance by the proposed Consumer Scotland agency. Work done to protect neighbourhoods should be shared in full between local authorities and insurers.</p>	<p>Scottish Government</p>	<p>Insurance companies are better informed leading to consumers being charged for insurance that is based on the actual risk of the property.</p>	<p>14</p>
<p>Goal 4: Each property should be assessed according to its own merits</p>	<p>7</p>	<p>Insurers should take reasonable steps to determine the flood risk associated with individual properties. Consumers should not be expected to provide difficult to obtain measurements which are later used to void policies if they are incorrect.</p>	<p>Insurers</p>	<p>Consumers are protected against unfair and unreasonable insurance industry practices and against having their insurance voided</p>	<p>16</p>
	<p>8</p>	<p>Insurers should commit publically that they do not, and will not use SEPA flood maps to assess flood risk as per SEPA's guidance.</p>	<p>Insurers, SEPA</p>	<p>Consumers have confidence in SEPA flood maps Insurance quotations are based on actual flood risk of a property that has been informed through acceptable channels</p>	<p>17</p>

APPENDIX A: Logic tree of Questions asked

