
Flood Re for Dummies



Flood Assist Insurance

The Flood Insurance Specialists

Flood Re for Dummies

A simple guide to the Flood Re Scheme

The Flood Re Scheme launched in April 2016 and to date has helped tens of thousands of homeowners find flood insurance cover.

Our guide will help you understand:

- What Flood Re is
- Who is eligible
- How the Flood Re Scheme works

1. What is Flood Re?

Flood Re is the first scheme of its kind in the world, it's a not-for-profit scheme backed by the government and owned and managed by the insurance industry. The scheme was put in place to help homeowners that have previously flooded or whom are in high flood risk areas buy insurance cover. The scheme will remain in place until 2039 by which time it is anticipated that the necessary steps will have been made by relevant parties to create an affordable market by managing both the costs and risks of flooding.

The Flood Re scheme operates in the background to provide you with peace of mind; the simplest way to explain how Flood Re works is that it is an insurance policy for your insurer (it's what we in the insurance industry call a re-insurance scheme). So, if your house floods and you make a flood insurance claim, your insurer will be able to claim back the money that they pay you from Flood Re. Even if you make a claim, you'll never need to contact Flood Re.

2. Who's eligible for the Flood Re Scheme?

The Flood Re scheme isn't available to all homeowners, to be eligible:

- A. The property is currently covered by an insurance contract which is held in the name of, (or on trust for) one or more individuals or by the personal representative of an individual.
- B. The policy holder, or their immediate family, must live in the property for some or all of the time (this can be with other people) or the property must be unoccupied.
- C. The property must have a domestic Council Tax Band A to H (or equivalent).
- D. The property must be used for private, residential purposes.
- E. The property must be a single residential unit or a building comprising of two or three residential units.
- F. The property must be insured on an individual basis or have an individual premium, it cannot be part of a policy which includes a number of other properties as well.

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- G. The property must be built before 1st January 2009 (if a home is built before 1st January 2009 but then demolished and rebuilt, the new home will however still be eligible).
 - H. The property must be located within the UK specifically being; England, Wales, Scotland and Northern Ireland (excluding the Isle of Man and the Channel Islands).

There are some exceptions to the types of property that can be included which we have listed below (A-I). These properties must also meet all of the 8 criteria to be eligible. The property types are:

- A. Bed and breakfasts paying Council Tax and insured under a home insurance contract.
- B. Farmhouses dwellings and cottages. Where farmhouse dwellings are included in as part of a commercial lines insurance policy, as long as the insurer can split out the dwelling element (and that this meets the criteria 1-8 (inclusive) above), the dwelling part of the risk can be ceded to Flood Re.
- C. Holiday homes/Second Homes.
- D. Properties occupied by home workers.
- E. Individual leaseholders protecting their own property/flat.
- F. Leasehold blocks if they contain 3 units or fewer and the freeholder(s) lives in one of the units to be insured.
- G. Single unit leasehold properties where the leaseholder insures the structure of the property.
- H. Residential "buy to let" properties.
- I. Static Caravans/homes if in personal ownership.

If your home is included in A-I above, then you are only eligible for buildings only cover or a combined insurance policy (covering both the building and its contents) you will not be able to buy cover for just the contents of the building.

Flood Re will also cover a tenant's or individual person's contents in a rented or leasehold property even if the buildings risk would not be eligible (for example large blocks of flats) as long as the policy and the property it relates to meet the acceptance criteria 1-8 listed above.

3. How does the Flood Re Scheme work?

How do I get a quote from Flood Re?

You can't actually get a quote from Flood Re, in fact you'll never need to deal with Flood Re. The Flood Re scheme operates in the background and makes no difference to how you purchase your home insurance or make a flood insurance claim. You'll continue to deal with your own insurer or broker in the same way as you do now.

Do all insurers offer cover under the Flood Re scheme?

No, they don't. There isn't a complete list of which insurers are signed up to the Flood Re Scheme however details of some of the participating insurer can be found on the Flood Re website.

If my insurer is a member of the Flood Re Scheme will my policy automatically be included in the scheme?

No, not all high flood risk properties are automatically included in the Flood Re Scheme.

How will my insurer decide whether or not to include my property in the Flood Re scheme?

This will be based on your insurers view of how likely your home is to flood. The more likely they think your home is to flood the more likely they are to include you in the Flood Re scheme. Insurers often have different views on flood risk and whilst one insurer may choose to include your property in Flood Re another may not.

If my home has flooded in the past will I be ceded in to Flood Re?

If your home has previously been flooded it is very likely that your insurer will include you in the Flood Re Scheme.

I've previously made a flood insurance claim – will I still be eligible for the Flood Re scheme?

Yes, you will as long as your property meets the eligibility criteria.

How many flood claims can I make if my property is included in Flood Re?

There's no limit to the number of flood claims you can make if you are included in the Flood Re Scheme?

If I make a claim under the Flood Re Scheme will my renewal premium increase?

If you make a claim under the Flood Re Scheme your premium will not increase because of the claim, you may however lose any no claims discount that you may have been entitled to and this may result in an increase to your premium.

How much will flood insurance cover cost under Flood Re?

The Flood Re scheme is paid for in two ways:

1. A tax/levy paid by all home insurers in the UK.

All insurers pay an amount of money in to the Flood Re fund based on what proportion of homes in the UK they insure – the larger their share the more levy they pay. Insurers pass the cost of this levy back on to all policy holders whether or not they are high flood risk. Policyholders are generally unaware that they are contributing towards the levy as it's automatically included in the overall cost of your household insurance policy.

2. An amount paid by all policyholders whose properties are included in the Flood Re scheme.

If your home is included in the Flood Re scheme you will pay a fixed premium for the flood cover under your insurance policy. The amount you pay is based on your properties Council Tax band:

England & Scotland

| Valuation Band | A | B | C | D | E | F | G | H | I |
|------------------|-----|-----|-----|-----|-----|-----|-----|------|---|
| Buildings Policy | 132 | 132 | 148 | 168 | 199 | 260 | 334 | 800 | - |
| Contents Policy | 78 | 78 | 98 | 108 | 131 | 148 | 206 | 400 | - |
| Combined Policy | 210 | 210 | 246 | 276 | 330 | 408 | 540 | 1200 | - |

Wales

| Valuation Band | A | B | C | D | E | F | G | H | I |
|------------------|-----|-----|-----|-----|-----|-----|-----|------|------|
| Buildings Policy | 132 | 132 | 148 | 168 | 199 | 260 | 334 | 800 | 800 |
| Contents Policy | 78 | 78 | 78 | 98 | 108 | 131 | 148 | 206 | 400 |
| Combined Policy | 210 | 210 | 210 | 276 | 330 | 408 | 540 | 1200 | 1200 |

Northern Ireland

| Valuation Band | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|------------------|-----|-----|-----|-----|-----|-----|-----|------|
| Buildings Policy | 132 | 132 | 148 | 168 | 199 | 260 | 334 | 800 |
| Contents Policy | 78 | 78 | 98 | 108 | 131 | 148 | 206 | 400 |
| Combined Policy | 210 | 210 | 246 | 276 | 330 | 408 | 540 | 1200 |

How can I find out what council tax band my property is in?

You can find out your council tax band at: <http://cti.voa.gov.uk/cti/InItS.asp?lcn=0>

How much will my insurance cover cost if my insurer does not include me in the Flood Re Scheme?

If your insurer decides not to include you in the Flood Re scheme they will set their own charge to cover you for flood and include this within the total cost for all other cover such as theft, fire etc. If your insurer doesn't include your property in the Flood Re Scheme, it is likely that your insurance premium will likely be significantly lower.

How much will cover for risk other than flood e.g. fire or theft cost?

The cost of insurance for fire, theft etc will be calculated by your insurer in exactly the same way as it is now and added to the cost of your Flood Re premium.

How much money can the Flood Re scheme save me?

Research published by Flood Re has highlighted that on average households are able to save around 50% in comparison to their premiums prior to the schemes introduction. Some properties in very high flood risk areas or that have had several flood claims may have been virtually uninsurable before the launch of Flood Re, in fact many people chose or had no alternative other than to 'self-insure' i.e. pay for the cost of damage caused by a flood themselves.

Will the costs under the Flood Re scheme change?

Yes, they will but not in the short term. Flood Re has set the current levies for a 5-year period (until 2020) after which time the levies will be reviewed and adjusted according to the cost of running and maintaining the scheme. As Flood Re is a non-profit making scheme the levies will always be set to minimise the cost to homeowners.

What excess will I have to pay if I make a flood insurance claim?

If your home is covered under the Flood Re scheme and you make a flood claim, you will also benefit from your flood excess being only £250.

If your insurer doesn't include you in the Flood Re scheme your flood insurance excess will vary, ask your insurer or broker to confirm this amount to you, they should also confirm your flood excess in your policy documentation.

How do I make a flood insurance claim under Flood Re?

If you need to make a flood insurance claim you'll do this through your insurer in exactly the same way as you would do for any other type of claim. Flood Re won't actually get

involved in the handling or payment of your claim directly. Once your insurer has settled your claim they will look to re-coup these costs from Flood Re.

If you have a question that we've not answered or if you'd like to check if your property is eligible for the Flood Re Scheme call our team on **01832 770770**, we'll be happy to help.