

Securing the future availability and affordability of home insurance in areas of flood risk

Further submission by the Council of Mortgage Lenders to the Department for Environment, Food and Rural Affairs consultation paper

Introduction

1. Further to our submission of 5 August to the DEFRA consultation on proposals to secure the future availability and affordability of home insurance in areas of flood risk, we would like to include the following additional points. Although the consultation has now closed, we trust that these points can be taken on board.

Flood insurance and domestic properties provided by Buy-to-Let landlords

2. The consultation proposals are currently unclear about whether domestic properties subject to buy-to-let finance in the private rented sector are included in Flood Re.

3. These are domestic properties, subject to council tax bands, no different from any others which could be protected by Flood Re. BTL mortgages which fund the purchase of these properties include standard terms, as with any other mortgage, requiring the borrower to have and maintain suitable buildings insurance including for flood.

4. In our main submission, we expressed the view that Flood Re (and the regulatory Flood Insurance Obligation, if introduced), should apply to contents insurance on the basis that this would help protect private tenants from financial stress of loss of contents, which might otherwise increase the potential for rent arrears or abandonment of the property.

5. In order to treat all domestic properties consistently, we would want to see the proposals clarified to expressly include private rented BTL properties. Doing so would provide consistent protection for mortgage lenders, landlords and for tenants themselves. Not doing so would potentially increase costs for landlords and therefore tenants.

6. **Contact:** Please contact John.Marr@cml.org.uk if you would like to discuss this further.

12 August, 2013.