



Independent Review of Flood Insurance in Doncaster

Led by Amanda Blanc

Contents

Foreword	3
Executive summary	4
Chapter 1: Introduction and background	11
Chapter 2: Detailed findings	17
Chapter 3: Findings from research among businesses	35
Chapter 4: Supplementary evidence	38
Conclusions and recommendations	42
Appendix A: Independent Report – Terms of Reference	49
Appendix B: BMG quantitative survey structure	51
Appendix C: BMG qualitative discussion guide	52
Appendix D: Methodology and approach	53
Appendix E: BMG quality and compliance statement	56
Appendix F: How the uk insurance market operates	57

Foreword



The impact of flooding for people already living in more precarious situations can be profound and in a world in which the risk of flooding is increasing, it is vital that we do all we can as a society to help those most at risk to get the support they need.



In the aftermath of the 2019 South Yorkshire flooding, I was asked by the Government to lead an independent review into the extent to which the people and businesses of Doncaster were adequately protected by insurance. Having seen on many occasions the dreadful physical and also emotional damage that flooding can cause and witnessed first hand the mitigation and support that insurance companies can then offer their customers in these hugely distressing situations, I was pleased to accept the invitation.

The timing of the review coincided with the Coronavirus lockdown and although this limited the opportunity for personal contact with those affected by the flooding, it didn't prevent the local community from coming forward and engaging fully with the review.

I was impressed that over 500 residents, 29 businesses and numerous local agencies, charities and support organisations made the effort to participate despite the difficulties they were facing. This level of involvement helped to uncover findings which were invaluable in making recommendations to improve the situation if and when any future events occur.

The vast majority of owner-occupiers in Doncaster had protected themselves with both buildings and contents insurance. However, the review found that a small but significant number of those insurance policies excluded flood cover, even though the high risk flood location would naturally make this one of the most valuable covers to hold. This suggests that some people are missing out on the subsidised insurance made available through Flood Re - the government and insurance industry flood scheme.

If replicated, this could add up to tens of thousands of households across the country going without flood protection unnecessarily. While there is no single point of blame, it is worrying that too many people are falling through the cracks and the system as a whole needs to be tightened up to ensure that no-one misses out on support to which they are entitled.

I was also concerned, although perhaps less surprised, at the low coverage of insurance for tenants; particularly in places like Bentley where there is a large proportion of younger people on lower incomes living in rented accommodation. The impact of flooding for people already living in more precarious situations can be profound and in a world in which the risk of flooding is increasing, it is vital that we do all we can as a society to help those most at risk to get the support they need.

Throughout the review, I encountered numerous examples of people or businesses having little trust in insurance or insurers. I am not making a judgement about whether this mistrust is warranted, but this problem was clearly not helped by my own discovery of some worrying instances of poor behaviour by insurers in handling claims from the 2019 Doncaster flood. The Association of British Insurers has been quick to act with a new Code of Practice, but instances like this make it far harder to help people be confident that their insurer will support them in their hour of need. There is still much work to be done to tackle the problem of trust and service delivery in the insurance industry. Resolving this perennial issue will go a long way to ensuring that people and businesses can make properly informed decisions about the true value of having adequate insurance cover in place.

Finally, I would like to pay tribute to the people and businesses of Doncaster for their spirit of resilience and collective endeavour, in particular the many community groups, church groups, local agencies and representatives who have worked tirelessly to support their communities after such devastating events. Flooding leaves no part of a community untouched and their resolve, empathy and shared public service has been a credit to Doncaster and the region.

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Executive summary

Introduction

In 2019, South Yorkshire experienced its wettest November on record, with over two and a half times its average rainfall. Over 760 households and businesses in the Doncaster area suffered devastating flooding as the river Don burst its banks. It quickly became apparent that a number of households and businesses affected by the floods were poorly protected by insurance.

Consequently, the government commissioned an independent review - a deep dive into the circumstances in Doncaster, identifying the extent to which and reasons why, people did not have sufficient insurance cover and what action might improve protection against future events.

Flood Re was established in 2016, after much work between the insurance industry and government, with the aim of securing more affordable and available flood insurance for all eligible households¹ by subsidising the flood cover element of household insurance policies. Flood Re would remove high flood excesses (ie. the part of a flood claim for which the policyholder is liable) and remove the need for insurers to apply flood exclusions to the cover they offer for homes at risk of flooding. Whilst Flood Re has been reviewed in other reports² and the scope of this review is wider than Flood Re, this review is one of the first opportunities to look at the adequacy of insurance cover in practice – ie. in a region that has flooded – since the introduction of Flood Re.

The Department for Environment, Food and Rural Affairs (Defra) 2018 report³ surveyed the availability and affordability of insurance for householders in high and low flood risk areas across the country and the findings provide some helpful benchmarks for Doncaster. Where relevant, this is referenced in the review.

The review

The government appointed Amanda Blanc to lead the review into the reasons why people did not have sufficient insurance cover and in some cases no insurance at all, during the November 2019 floods. She was supported by BMG Research.

The review was asked to consider three questions:

- What does the evidence tell us about the level of insurance cover held by those most recently affected by floods and the barriers they faced?
- Does this evidence point to any systemic issues in the provision of flood insurance?
- Does this evidence suggest any other issues regarding availability, affordability, barriers, or dissatisfaction with insurance coverage?

1 Flood Re eligibility criteria can be viewed [here](#)

2 The Department for Environment, Food & Rural Affairs published a [report](#) on the availability and affordability of insurance for householders in July 2018 and the first [Quinquennial Review of Flood Re](#) was published in July 2019

3 The Department for Environment, Food & Rural Affairs [report](#) on the availability and affordability of insurance for householders, July 2018

Doncaster

The Metropolitan Borough of Doncaster consists of the market town of Doncaster and 15 surrounding villages and towns straddling the river Don. The area is at high risk of flooding, with 42% of the area assessed as Flood Zone 2 (meaning there is between a 1 in 100 and 1 in 1,000 annual probability of flooding) or Flood Zone 3⁴ (meaning there is a 1 in 100 or greater probability every year). Prior to 2019, the last major flood in Doncaster was in 2007.

Doncaster's population of 302,400⁵ has a higher-than-average level of deprivation (ie. a combination of relatively high unemployment and welfare dependency, lower wealth, poor health outcomes and housing compared to the average).

In total, 547 of those residents participated in the research for this review, along with a further 29 businesses and 30 wider stakeholders. Given that the Covid lockdown prevented the research team from accessing residents directly, this is a particularly high level of engagement.

When it comes to the approach of those residents and businesses to insurance, the review found that:

- **The vast majority of owner-occupiers had buildings and contents insurance, but the majority of tenants were poorly protected;**
- **A worrying proportion of insurance policies held by Doncaster residents did not cover floods; and**
- **There were signs of a lack of confidence in insurance as the best way to protect residents or businesses.**

These findings are set out in more detail in the next sections.

Findings from the quantitative research

There are a number of interesting findings with respect to the level of insurance coverage for the different types of households in Doncaster. In particular, the findings are markedly different for owner-occupiers compared with the position of tenants.

General insurance coverage in Doncaster is very high among owner-occupiers but significantly lower among tenants:

- 97% of owner-occupiers had at least one of buildings or contents insurance with 95% having both. This compares with 94% for At Risk households in Defra's 2018 survey⁶;
- Only 36% of tenants confirmed that buildings insurance was in place, but a further 37% did not know (as might be expected for tenants, given that landlords rather than tenants are responsible for buildings insurance);
- 45% of tenants confirmed they did not have contents insurance (compared with 41% of At Risk households in Defra's 2018 survey). This is of much greater concern.

Knowledge of flood cover among those who organised their own insurance also shows significant differences between owners and tenants:

- 72% of owners confirmed that they have either buildings (71%) or contents (68%) insurance that covered flood damage;
- Only 25% of tenants confirmed they had contents insurance that covered flood damage, with 50% saying they did not.

In addition, a significant number of owner-occupiers confirmed that they had flood exclusions applied to their insurance:

- 6% of buildings insurance and 6.5% of contents insurance did not cover flooding;
- A further 21% of owner-occupiers did not know whether their buildings insurance covered them for flooding (perhaps surprising in itself given that these responses are from residents in an area that had so recently flooded).

⁴ Doncaster's Housing **Strategy** 2015-2025, p10

⁵ 2011 UK **Census**

⁶ The Department for Environment, Food & Rural Affairs **report** on the availability and affordability of insurance for householders, July 2018

Previous surveys of the coverage of insurance among flood-risk homes (eg. Defra's 2018 survey) have not explored the extent to which buildings or contents insurance excluded flood risk, so there is no obvious national standard against which to benchmark these findings. This is concerning for a country with a high risk of flooding. Future national surveys into the coverage of insurance should take this into account.

Recommendation 1: Re- Survey Policies Without Flood Cover

Defra should repeat its 2018 survey into the affordability and availability of insurance by 2022. As part of this survey it should assess the proportion of buildings and contents insurance policies that do not cover the risk of flooding.



Implications for owner-occupiers

Despite some evidence of concerns about affordability, the large majority of owner-occupiers did in fact have insurance for both buildings and contents that included cover for flooding, but the fact that at least 6% had insurance which excluded cover for flooding is concerning. There was also some anecdotal evidence of residents facing very high premiums and/or very high excesses for flooding.

There was no evidence that any of the affected properties were ineligible for Flood Re (although there were 18 households living in properties built after 2009, none had flood exclusions on their insurance). These points therefore suggest that Flood Re supported cover was either not being consistently offered to, or not being taken up by, households who would benefit. **If replicated across the country, this could mean tens of thousands of vulnerable households who are unnecessarily unprotected against flooding and missing out on the support that has been set up to help them.**

It is possible that some residents chose not to buy flood cover on grounds of cost despite it being subsidised by Flood Re. This will be more likely for those with low incomes or who are not fully aware of the level of risk they face from flooding (and therefore of the value of flood protection). That said, there is clearer evidence of barriers in the distribution chain (see Appendix F for an illustration of how the insurance market works) which could mean that people are not offered subsidised cover in the first place. For example, half of insurance brokers say they have difficulty accessing Flood Re supported policies⁷. Also, it is possible that many households are simply renewing policies they have had for years without being made aware that Flood Re supported cover is now available.

From this research it is difficult to demonstrate conclusively that these barriers in the distribution chain are the main reason for the surprising number of people missing out on subsidised Flood Re supported insurance. Nevertheless, this is the most plausible explanation.

⁷ Findings from BIBA's 'access to consumer flood insurance' survey. See chapter 3 for further details.

Whatever the precise cause, there are five recommendations that would help to ensure that insurers and brokers take the additional steps needed to make sure that people do not miss out on the help that is available to them:

Recommendation 2: Intermediaries Unable to Secure Flood Cover

Intermediaries who are unable to secure, or renew, insurance with flood cover for customers who are eligible for Flood Re should always explain to the customer: i) that they have a high flood risk; ii) how they could secure a Flood Re supported policy; and iii) the consequences of buying insurance with a flood exclusion or very high excess.

Recommendation 3: Insurers Excluding Flood Cover

Insurers should not offer, or renew, Flood Re eligible customers' buildings or contents insurance with a flood exclusion unless: i) specifically requested by the customer and ii) they can be assured that the customer understands their risk of flooding and that they will not be insured in the event they do flood. If there is a high flood risk that the insurer does not want to accept, the insurer should either cede the policy to Flood Re or signpost the customer to alternative ways to secure adequate insurance.

Recommendation 4: ABI / BIBA Code of Practice

The Association of British Insurers (ABI) and the British Insurance Brokers' Association (BIBA) should develop a joint Code of Practice for insurers and brokers covering the above measures to ensure that their members comply.

Recommendation 5: Signposting service

Flood Re, BIBA and the ABI should establish a new signposting service to ensure that any household that is eligible for Flood Re but denied cover because of flood risk, or offered insurance only with a flood exclusion, can be referred to a specialist broker who can help them secure affordable, exemption-free cover.

Recommendation 6: Further Defra review

Defra should review progress by 2022, using their repeat survey (see Recommendation 1) to assess the extent to which buildings and contents insurance excludes flood risk. If Defra considers that the proportion of policies containing flood exclusions remains unacceptably high at that point, they should ask the Financial Conduct Authority (FCA) to consider:

- a mandatory signposting service (along the lines of the FCA's mandatory signposting service for customers with medical conditions looking for travel insurance⁸); and
- setting out the responsibilities of insurers and brokers with respect to flood exclusions in guidelines and/or regulations.

⁸ Financial Conduct Authority, PS20/3: [Signposting](#) to travel insurance for consumers with medical conditions

Implications for tenants

Contents insurance can be particularly beneficial for tenants who are at risk of becoming homeless due to their property being uninhabitable (whether due to flooding, fire, or other events), as contents insurance generally provides for temporary accommodation in those circumstances. For tenants with a heightened risk – such as those living in areas with a high flood risk – contents insurance is therefore particularly valuable.

With only 45% of tenants confirming they had contents insurance and 11% of those saying their insurance did not cover flooding, the coverage for tenants in Doncaster is relatively low. Defra's 2018 survey on insurance coverage at the national level showed that 61% of tenants in areas with high flood risk had contents insurance (although this was a national survey and including tenants from very different backgrounds, so direct comparisons are difficult). In any case, it is concerning that such a low proportion of tenants who are at high risk of flooding are not confident that they have any insurance cover at all in the event that they do flood.

While it is far from easy to tackle the low insurance coverage for tenants more generally, there are some targeted measures that would help to improve tenants' awareness of their risks and of any cover already provided by their landlords' buildings insurance, so that they can be better informed about the options open to them.

Recommendation 7: Landlord Notification

Landlords of properties in high flood risk areas should provide their tenants with details of the buildings insurance cover in place, including the support that would be provided by the insurer to the tenant in the event of a flood. Government should explore how to use its existing powers to ensure social sector landlords do so and consider the case for legislating to compel private sector landlords to comply.

Recommendation 8: Landlord Buildings Insurance

Government should consider the broader case for legislating to require landlords to have buildings insurance that protects tenants in the event that the property is uninhabitable for an extended period.

Recommendation 9: Local Authority Tenant Awareness

Local Authorities should ensure that tenants in high flood risk areas are given guidance on i) the range of risks they face in the event of a flood and ii) ways in which they can protect themselves with adequate insurance cover.

Recommendation 10: Flood Re Low Income Affordability

Government should consider more direct ways to increase the take-up of contents cover for tenants in high flood risk areas. As well as promoting awareness, this should include reviewing the impact of the Flood Re premium for contents-only cover on the affordability of contents insurance for low income households. At £52 for flood cover for Council Tax Band A and B properties, even the lowest Flood Re premium would be a very big uplift on a contents premium (the FCA estimate that the average cost for a new contents policy is £56⁹) and create a cost barrier for low income households who are already making difficult choices about how to ration their spending.

Implications for businesses

The researchers interviewed 29 businesses in the affected areas, of which 14 were affected by flooding. Most had some form of insurance cover and of those, 14 had some form of cover for flood damage (property damage, business interruption, or both). Of the nine which did not have flood cover, four said they did not need it and two couldn't get a quote that included flood damage. Some businesses faced premium increases after the floods, but most premiums remained the same and only two were faced with increases of more than 20 percent.

It is clear that some individual businesses have found it difficult to secure the insurance cover they want for their specific needs at an affordable price and that some businesses felt that they had had a poor experience with their claim. However, because of the very low sample size it is not possible to draw any general conclusions or recommendations. Nothing has emerged from this small sample to suggest systemic issues with accessibility, availability, or affordability. That said, it would not be unreasonable to assume that very small businesses working largely from home may suffer the same issues as homeowners and could therefore benefit from better guidance and the improved signposting to insurance being recommended.

In the light of the way the economy is likely to evolve post Covid, with more homes acting as business premises, there is a good case for reviewing the needs of these businesses and any gap in insurance, in greater depth. In addition, Local Authorities should also be working with their small business forums and business continuity teams to promote existing guidance in areas prone to flooding.

Wider issues – view of insurance

The findings from this review – particularly from the qualitative research - suggest the presence of a number of factors that can create barriers to informed decision-making by consumers (such as difficulty understanding insurance terms and conditions, low understanding of the value of insurance or of the risks of being uninsured, mistrust of insurers, relatively low level of engagement with insurance). The evidence is not strong on any individual factor and these factors are prevalent in society at large – not just in Doncaster. However, people living with a high risk of flooding often need to be much more persistent in their efforts to find affordable insurance and the implications of being uninsured can be much more profound, making these factors doubly important.

People living with high flood risk need to know how they can protect themselves so they can make properly informed decisions. They need to understand their flood risk and their insurance requirements, as well as how to access insurance that covers those needs (including subsidised Flood Re supported insurance where this is available). They need to be able to easily understand the insurance cover they (or their landlord) has bought. And they need to have confidence that their insurer will provide that cover in the event of a claim.

These are not easy problems to tackle, but it is feasible to focus efforts on those most in need – i.e., people and businesses living in areas with high flood risk.

Recommendation 11: Targeted Flood Risk Communications

Flood Re, the Environment Agency and the ABI should promote awareness of flood risk to high exposure households and businesses through targeted engagement, which should cover the risk of floods in their area, a simple explanation of flood insurance, a guide to accessing affordable insurance (including through specialist brokers if necessary) and a guide to what to expect from your insurer in the event of a claim.

Finally, when floods do occur it is clear that the agencies responsible for helping residents are likely to need to provide more support in less affluent economic areas, particularly those with high levels of rented accommodation.

Recommendation 12: Response Based on Demographics

Immediately after a flood event, local authorities should review the demographics and tenancy rates of the affected area to ensure an appropriate response mechanism is put in place.

Chapter 1: Introduction and background

About the review

In 2019, Doncaster in South Yorkshire experienced its wettest November on record, with over two and a half times its average rainfall. The River Don recorded its highest ever peak flows at Rotherham and Doncaster on 8th November and over 760 households and businesses in the Doncaster area suffered flooding as the river subsequently burst its banks.

This was a repeat of an earlier flooding event in 2007, which was described then as a 'once in a 100 years' event. It quickly became apparent that a number of households and businesses affected by the 2019 floods were poorly protected by insurance, despite the introduction of Flood Re in 2016 which should, at least for eligible households, have removed most of the barriers to securing insurance cover for flood damage.

Consequently, the government commissioned an independent review - a deep dive into the circumstances in Doncaster, identifying the reasons why people did not have sufficient insurance cover and what action might improve protection against future events – particularly with respect to awareness of flood insurance, uptake, availability and affordability.

Key questions this review covers:

1. What does the evidence tell us about the level of insurance cover held by those most recently affected by floods and the barriers they faced?
2. Does this evidence point to any systemic issues in the provision of flood insurance?
3. Does this evidence suggest any other issues regarding availability, affordability, barriers, or dissatisfaction with insurance coverage?

The review does not cover concerns around the conduct of the insurance industry as the Financial Conduct Authority (FCA) are already conducting a review into compliance with conduct regulations and cases raised in the media. Evidence of conduct issues found as part of the work undertaken for the review were passed on to the ABI during the course of the review (following which the ABI launched a new code of conduct on cash settlements). The details were also shared with the FCA.

Independent reviewer

Amanda Blanc was appointed by Government in April 2020 to lead the independent review into flood insurance. Amanda has broad commercial and insurance experience with previous roles including CEO EMEA at Zurich, Group CEO AXA UK, chair of the Association of British Insurers (ABI), past President of the Chartered Insurance Institute (CII) and chair of the Insurance Fraud Bureau. In July 2020, Amanda was appointed Group CEO of Aviva plc, strengthening her credentials for the role of reviewer.

Amanda has witnessed first-hand the devastation caused by flooding – from taking calls on the claims helpline listening to truly distressed policyholders during the 1998 Northampton floods, to visiting Carlisle following the 2015 floods and returning home to the Rhondda in February this year and seeing the devastation caused to the community.

Approach

The review is based around research carried out by BMG Research. This project used both quantitative and qualitative approaches, with an online survey of households in the affected areas, a business telephone survey and interviews with local and industry stakeholders. Although the research approach had to be adjusted to take account of the Covid-19 lockdown – with a reliance on letters, online surveys and telephone interviews – 547 households from Doncaster responded to the survey and there was a great willingness from other stakeholders to provide evidence to the review.

That said, there was a relatively low completion by businesses – only 29 completed interviews – and as such, it is not possible to draw robust lessons about the experience of businesses.

Further details on the approach are in Chapter 2 and Appendix B, C and D.

The picture in Doncaster

The Doncaster area is particularly prone to flooding from a number of sources, particular fluvial and/or tidal flooding from the River Don, Lower Trent and their tributaries – 42% of land is Flood Zone 2 (meaning there is between a 1 in 100 and 1 in 1,000 annual probability of river flooding) or Flood Zone 3¹⁰ (meaning there is a 1 in 100 or greater annual probability of river flooding). Figure 1 shows the areas of Doncaster affected by the 2019 floods.

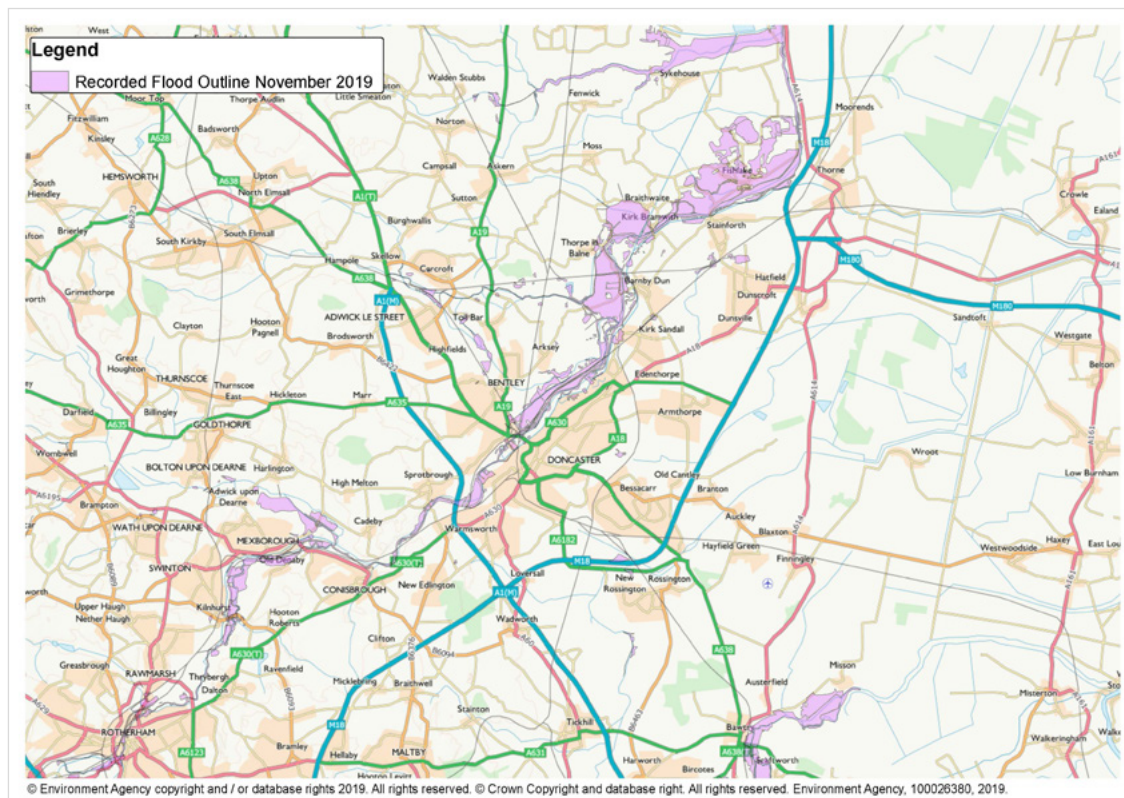


Figure 1: Areas of Doncaster affected by the 2019 floods

¹⁰ Doncaster's Housing [Strategy](#) 2015-2025, p10

In addition to the flood risk, Doncaster is also an area with higher-than-average deprivation on the government's Index of Multiple Deprivation (IMD)¹¹ – it is 41st most deprived out of 317 – meaning that it has a combination of relatively high unemployment and welfare dependency, less affluent (wage rates are over 10% lower than UK average¹²), lower educational attainment levels, poor health outcomes and housing compared to the average.

This is particularly true of Bentley, which alongside Norton & Askern was the most impacted by the 2019 floods. These two areas make an interesting contrast; Bentley has a younger age profile with lower household incomes, more residents in receipt of state benefits and a high prevalence of private and social renting. On the other hand, Norton & Askern has an older population with higher household incomes, predominantly in receipt of a pension and owning their own homes. The level of insurance coverage and the barriers to getting it differ significantly between these two geographical areas.

The combination of high flood risk and relative deprivation throws up a number of challenges when it comes to the take-up of insurance. Whilst historically, areas with flood risk have been more difficult to insure, the introduction of Flood Re in 2016 was designed to help households at the highest risk of flooding and details of how the scheme works are set out in the following section. A number of challenges to the take-up of insurance, particularly relating to awareness, do however remain and there is a likelihood that those with the greatest need are least protected. This is explored in detail in the review.



¹¹ English indices of deprivation 2019

¹² Doncaster's Housing Strategy 2015-2025, p10

Flood Re

The introduction of Flood Re in 2016 should have had a significant impact on the availability and affordability of insurance for people living in high flood risk areas such as Doncaster. The majority of homes in high flood risk areas are eligible for Flood Re supported insurance and as a result of Flood Re's introduction, evidence suggests that 93% of eligible households can now receive five or more insurance quotes¹³. While some properties in Doncaster were not eligible for Flood Re (in total 3% of respondents said they lived in properties built after 2009), the vast majority of respondents were eligible.

Flood Re

Flood Re is a flood reinsurance scheme designed to help households at high risk of flooding to access affordable insurance.

Flood Re does not deal directly with homeowners, but instead allows insurance companies to pass the flood risk element of home insurance policies over to Flood Re for a set premium. Premiums are based on the council tax band of the property and the maximum amount that can be charged for each council tax band is set in legislation (premiums range from £52 for contents cover for Band A or B properties, to £426 for combined buildings and contents cover for a Band G property). When there is a flood, Flood Re will pay the insurer the cost of the claim made by the policyholder.

Flood Re is funded by the raising of a £180m levy each year from insurers offering home insurance in the UK. In 2019/20, Flood Re provided cover for over 196,000 household policies and is available through more than 85 insurance brands representing 94% of the home insurance market.

The majority of homes in high flood risk areas are eligible for Flood Re, but there are some exclusions. In particular:

- Flood Re does not cover businesses (business insurance operates differently to household insurance – it is often bespoke, based on the individual nature of the business);
- All types of landlord insurance are classified by the insurance industry as commercial business and are therefore not covered;
- Properties built after January 1st 2009 are not covered so as not to incentivise home-building in flood risk areas;
- Leasehold properties in blocks of four or more properties are not eligible (leaseholder properties of three or fewer, where the freeholder lives in one of the blocks, are eligible for Flood Re).

Tenants and leaseholders are eligible for contents insurance supported by Flood Re regardless of the size of the block.

As individual householders are unlikely to know whether their insurer has passed their flood risk to Flood Re, it would not have been feasible for the research to assess Flood Re coverage directly, or to evaluate how much difference Flood Re is making to insurance coverage. However, the research does assess the extent of underinsurance for flooding – for example, flood cover being excluded from standard cover, or very high flood excesses – and this is indicative that the insurance in question is not supported by Flood Re despite the evident need for it.

¹³ Flood Re: [The Quinquennial Review](#), July 2019

Implications of the review - national applicability

The extent to which households might be missing out on Flood Re support is a significant matter. Although the review focuses on Doncaster, many different areas of the UK with a broad geographical spread have been severely impacted by flooding in the last 50 years. If we were to assume that in many of these areas there is a higher than average IMD or prevalence of tenanted properties then this may impact the likelihood of having adequate cover, as we have seen here in Doncaster.

Even in recent years (2007 and 2019) widespread flooding has caused damage to many homes and businesses across the UK. This review highlights important insights into the extent to which people in Doncaster did not have sufficient flood insurance cover (and in some cases no insurance at all) and the barriers to securing affordable cover (despite the availability of subsidised cover through Flood Re supported insurance). These findings are not restricted to Doncaster and can be applied much more widely to the millions of homes across the UK that are at risk of flooding.

A decorative graphic consisting of several horizontal, wavy bands of teal and dark teal colors, creating a layered, water-like effect. The bands are positioned in the lower half of the page, behind the chapter title.

Chapter 2: **Detailed findings**

Background

The aim of this independent review was to undertake research relating to insurance cover for those affected in Doncaster following the November 2019 floods. This report draws on research findings from two main sources:

1. Qualitative and quantitative research on the experiences of household and businesses in Doncaster. This study was carried out by BMG Research, on behalf of Amanda. This evidence source is referred to as 'Doncaster deep dive' in this report;
2. Supplementary evidence gathered directly from 13 industry and community representatives by Amanda. The full list of written submissions and stakeholder interviews is set out in Appendix D. This evidence source is referred to as 'supplementary evidence' throughout this report.

Doncaster deep dive objectives

The review explores the issues of flooding and flood insurance in the Doncaster area and covers both domestic and business insurance. The core objectives were:

- To determine current knowledge of insurance;
- To examine the key issues around flood insurance accessibility, availability and affordability;
- To understand perceptions of different issues around insuring and claiming¹⁴ for businesses and homes;
- To identify any input to the insurance review.

Doncaster deep dive approach and methodology

The Doncaster deep dive employed both quantitative and qualitative approaches to data collection. The quantitative approach consisted of a structured survey of households and businesses. The business and household surveys addressed issues related to insurance cover including:

- awareness of flood insurance;
- uptake, availability and affordability; and
- experiences of those with and without insurance, particularly flood insurance.

Originally the plan was to conduct the household surveys via a face-to-face methodology, knocking on doors in the affected areas. It was also intended to hold 'surgeries' in Doncaster communities where people could come and tell us about their issues. However, those plans were revised due to Covid-19. Instead, a 'post-to-web' approach was used where letters were sent to households in affected areas inviting them to complete an online survey. Reminder letters were also sent to boost response rates as far as possible. A free-phone number was also made available. In total 547 household residents completed a survey either online (501) or via telephone (46) between mid-May and the end-of June 2020

In total, 29 businesses in the area of Doncaster defined as that affected by November 2019 flooding (based on postcodes) completed telephone interviews. Interviews were undertaken between 1st June 2020 and 26th June 2020.

¹⁴ Only where relevant to the question of why those in Doncaster did not have insurance cover.

The qualitative approach consisted of conversational in-depth interviews with key stakeholders including: local representatives (affected home and business owners), community groups, insurers, national flood advisors, loss adjusters, environmental surveyors and insurance providers. A total of 21 interviews were conducted with 30 key stakeholders between 18th May and 5th June 2020.

For more detail, please see Appendix D – Methodology and approach and Appendix E – Quality and Compliance. The appendixes also show the Terms of Reference (A), the survey structure (B) and the qualitative discussion guide (C).

Note on reporting

Only statistically significant differences (at the 95% level of confidence) are noted between sub-samples in the household survey¹⁵. Statistics within charts and tables that are statistically significantly higher than average are indicated by the use of bold font.

All figures showing survey results are titled with the associated survey question.

Qualitative insights are presented in boxes throughout this report, to provide further detail to the quantitative findings. The interviewee type is noted next to direct quotes in parenthesis.

Findings from Doncaster deep dive among households

Introduction

This section describes the findings from the quantitative surveys and makes reference to qualitative findings where relevant. It addresses the following topics:

- Who was flooded and their experiences;
- Household insurance;
- Insurance renewals;
- Insurance claims.

The sample base is not representative of households in Doncaster. The sample frame comprised 3,001 addresses in postcode areas in the Doncaster area that were at least partly affected by flooding. These postcode areas were provided by Defra, although not all addresses in the area were actually affected by flooding in November 2019. Consequently, when we detail statistics, for example that X% of households were affected by flooding, this means that X% of the households interviewed were affected by flooding (noting that flooded areas were targeted for the Doncaster deep dive), rather than X% of households in Doncaster.

Who was flooded?

This section describes the extent to which responding households were affected by floods and the impact of that flooding. It covers the concerns that people have about flooding and the actions taken due to those concerns.

¹⁵ Significance testing is based on the difference between a sub-sample (e.g. affected households) and the sample average minus the sub-sample in question.

Experience of flooding

Overall, 42% of responding households had their building or contents affected by the floods in November 2019, including 30% where both building and contents were affected.

Aside from Stainforth & Barnby Dun, where only four interviews were completed, the highest proportions of responding households that were affected by flooding were in the wards of Bentley and Norton & Askern (which incorporates the Fishlake area), which were the main centres of the flooding in November 2019 (Figure 2): 65% of responding households in Bentley and 58% of responding households in Norton & Askern were affected.

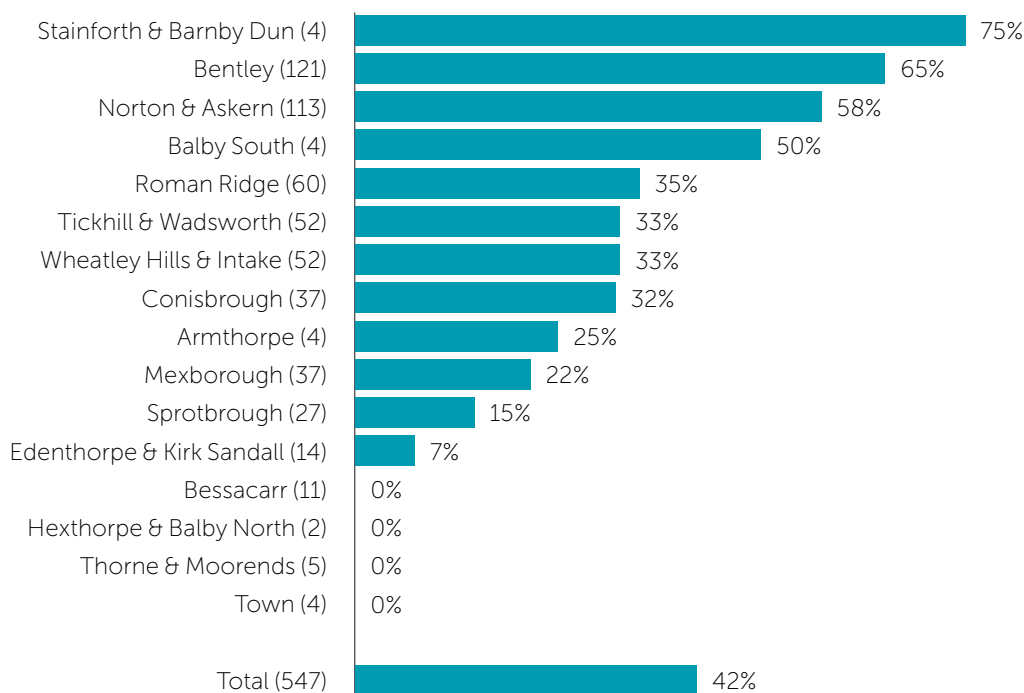


Figure 2: Was your home affected by the floods in November 2019? By ward Base sizes in parentheses.

The wards of Bentley and Norton & Askern have distinct characteristics.

Bentley has a younger age profile (31% under 45, compared to 9% in Norton & Askern), with lower household incomes (41% less than £300 per week compared to 13% in Norton & Askern), more residents in receipt of state benefits (55% compared to 17%) and a high prevalence of private and social renting (45% compared to 5% in Norton & Askern).

By contrast, Norton & Askern has an older population (40% over 65 compared to 22% in Bentley) with higher household incomes (32% £700+ per week compared to 3% in Bentley) predominantly in receipt of a pension (82% compared to 33% in Bentley) and owning their own homes (95% compared to 56% in Bentley).

Reflecting this, 88% of responding households in Bentley were in the two most deprived quintiles in terms of the Index of Multiple Deprivation as compared to 15% of those in Norton & Askern.

Furthermore, Bentley has predominantly older (63% pre-1960 compared to 40% in Norton & Askern) semi-detached and terraced housing (90% compared to 19% in Norton & Askern), whereas Norton & Askern has a high proportion of newer (57% post-1960 compared to 19% in Bentley) detached properties (81% compared to 3% in Bentley). Only 2% of properties in Bentley and 4% of properties in Norton & Askern were built since 2009 and are consequently ineligible for Flood Re.

The impact of flooding

As shown in Figure 3, where households were affected, 40% of them had to move out for a period of time, including 27% who had still not moved back in at the time of the survey (mid-May to end-June 2020). A third (34%) were able to stay in their homes with few adjustments and a quarter (26%) were able to stay in their homes but had to make large adjustments. Over half (55%) of those with no flood cover at the time were affected.

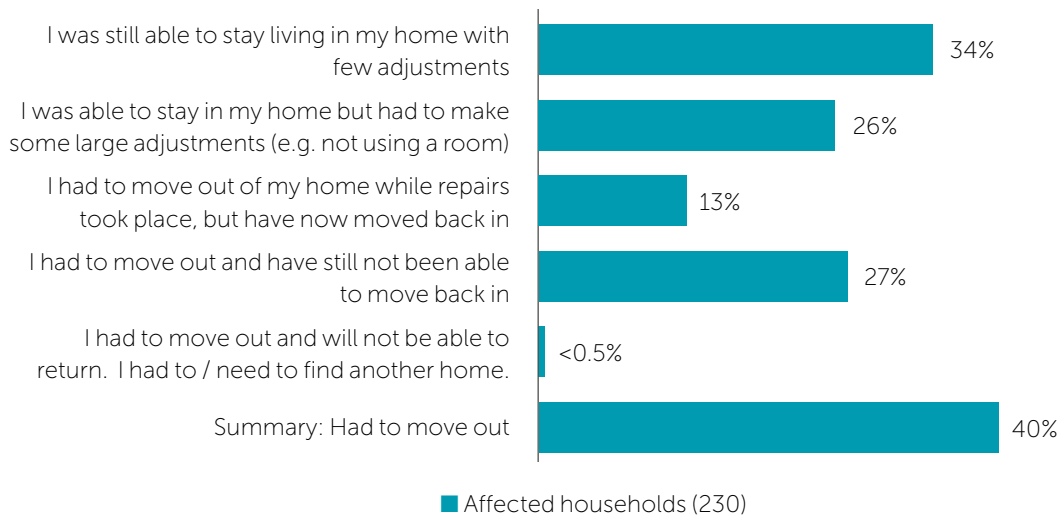


Figure 3: Which of these statements best describes the impact this had? Base size in parentheses.

71% of affected households in Norton & Askern had to move out, including 54% who had not been able to move back in at the time of the survey, indicating the severity of the flooding in this ward. By contrast, 28% of those in Bentley had to move out.

Where households had been able to move back in (only 30 cases), a quarter (24%) had to move out for up to two weeks and half (50%) had to move out for over four months.

Concerns about flooding

56% of all households said that flooding was of some or a major concern in their current home (Figure 4); this figure rose to 88% of affected households, as compared to 34% of unaffected households.

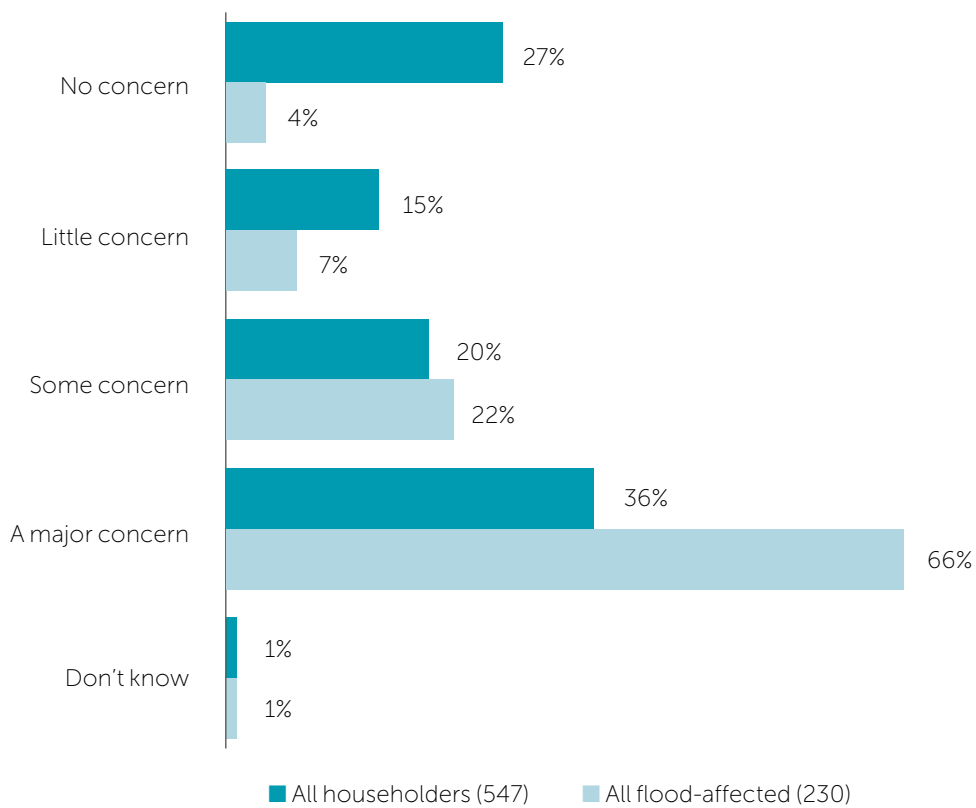


Figure 4: And how much of a concern is being flooded for you, in your current home?

Base sizes in parentheses.

Three quarters of households in Bentley (76%) and in Norton & Askern (79%) expressed some or a major concern in this respect.

Actions taken

Where households expressed concern, they were asked what actions they had taken (Figure 5). The most commonly mentioned actions overall were signing up for flood warnings from the Environment Agency (54%) and searching for advice on the internet (30%).

22% had considered moving home and this rose to 33% in Bentley. Similar proportions had applied for a Property Flood Resilience (PFR) Grant (20%), sought advice from Doncaster Council (20%) or asked about their sandbag delivery service (17%), installed flood defences (18%), or asked about the Flood Re Scheme (17%).

Affected households were more likely than average to have taken any action (90% compared with 81% of all households), with the most significant differences relating to applications for a PFR Grant (37% compared to 20%) and enquiries about the Flood Re Scheme (31% compared to 17%).

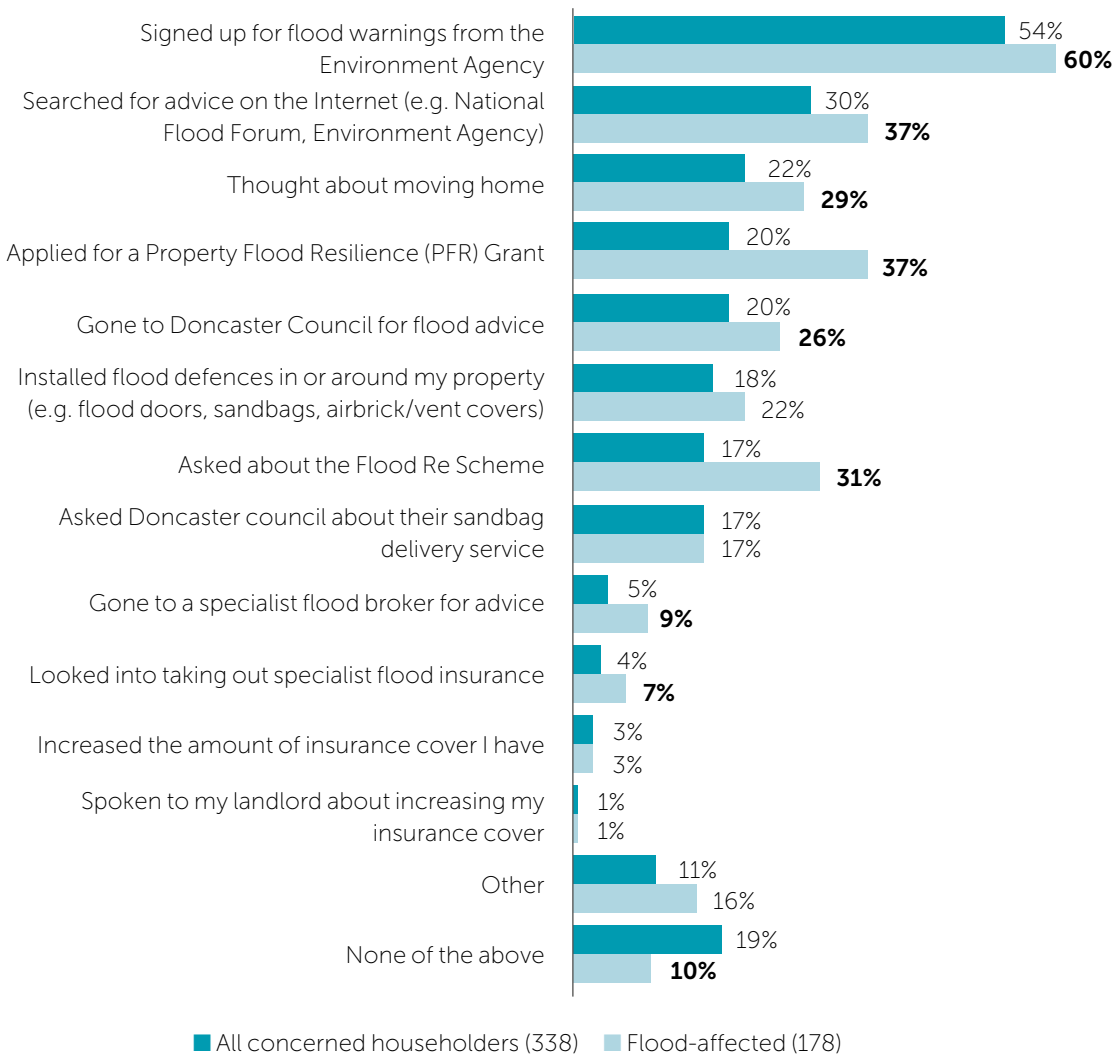


Figure 5: You said being flooded in your current home is a concern for you. Which of the following actions, if any, have you taken? Base sizes in parentheses. Figures in bold are significantly different to the average at the 95% confidence level.

Who had insurance at the time of the floods?

Household insurance

Overall, 85% of all households and a similar proportion (83%) of affected households, whether owned or rented, had buildings insurance at the time of the floods. Likewise, 85% of all households and 82% of affected households had contents insurance at the time of the flooding.

The likelihood of households in or near flood-affected areas around Doncaster having insurance (either at all, or including flood cover), or knowing whether they have insurance, was correlated with many demographic factors. One was much more likely to have insurance if:

- They own their home rather than renting;
- They are wealthier / in a higher socio-economic group;
- They are older than average versus younger.

However, all three of these demographic factors are strongly related. Many of the age differences that were evident throughout the results are likely to relate to differences in tenure, which in turn reflect differences in location and in socio-economic terms.

The demographic differences between Norton & Askern and Bentley (see 'Who was flooded' section) reflect the interlocking nature of these three characteristics.

Over half (56%) of those aged under 35 were in rented properties, while close to nine in ten (88%) of those aged 55 or over owned their own home (Figure 6).

These figures largely reflect the situation in England and Wales more generally, where 65% of those aged under 35 rent their properties and 75% of those aged 50 or over own their own homes¹⁶.

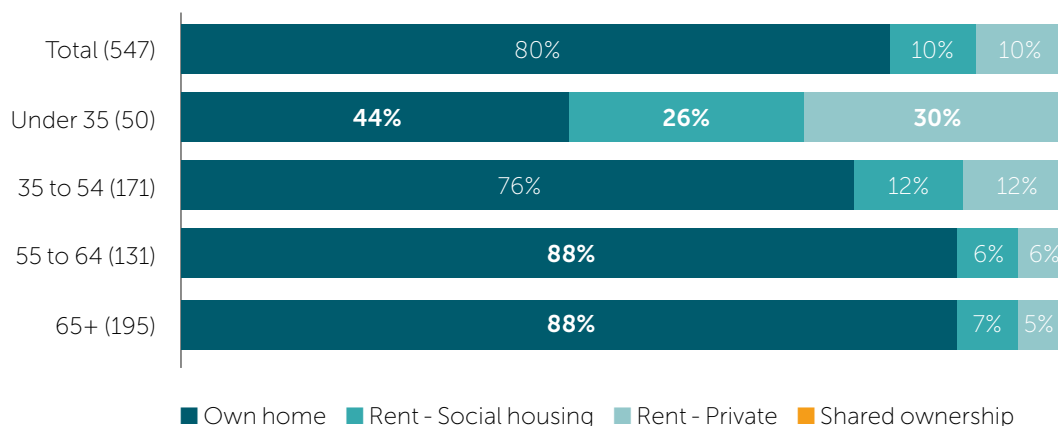


Figure 6: Tenure by age. Base sizes in parentheses. Figures in bold are significantly different to the average at the 95% confidence level.

¹⁶ 2011 UK Census

Close to two in five of those who rented were unaware whether their property had buildings insurance (37% of private tenants and 38% of council tenants). A further 35% of council tenants believed their building to be uninsured, with only 27% of this group feeling confident that they had buildings insurance. 17% of private tenants believed their building to be uninsured and 46% felt confident that they were insured. This compares to the 97% of homeowners who reported having building insurance (Figure 7).

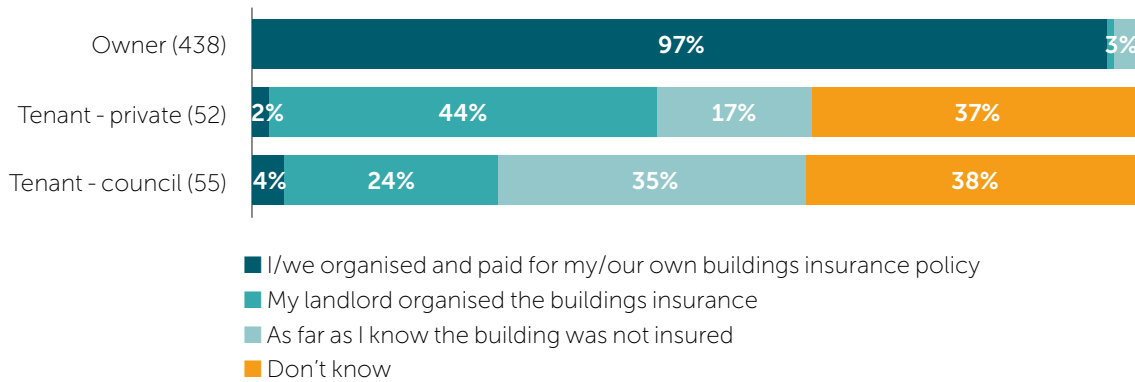


Figure 7: Firstly, thinking about buildings insurance (not insurance covering the contents), which of the following statements best describes your circumstances with regard to buildings insurance at the time of the floods in November 2019? Base sizes in parentheses. Figures in bold are significantly different to the average at the 95% confidence level.

Reflecting the high proportion of rented households in Bentley (43%) and the high levels of home ownership in Norton & Askern (95%), having buildings insurance was less prevalent in the former (61%) and more prevalent in the latter (95%).

Those aged under 35 were significantly more likely than average to be unaware of whether they had building insurance (16%) and more likely to think that their building was not insured (26%). In contrast those aged 65 or over almost universally reported having buildings insurance (94%). Given that, as noted above, younger households were more likely to be renting their property and that the differences in terms of having, or knowing whether they have, building insurance were most marked by tenure, it is likely to be tenure rather than age that is driving the differences in this respect.

As with buildings insurance, over four in five (85%) of all households and a similar proportion of affected households (82%) had contents insurance at the time of the flooding. Where households had both buildings and contents insurance, the majority (90%) had them combined in one policy.

There was greater confidence among tenants in relation to contents insurance as compared to buildings insurance. However, less than half of both private (42%) and council (47%) tenants reported having contents insurance, as compared to 95% of homeowners (Figure 8). Research undertaken in 2018¹⁷ found that a third of renters did not have contents insurance, a significantly lower proportion than the 45% of renters who reported not having it in Doncaster.

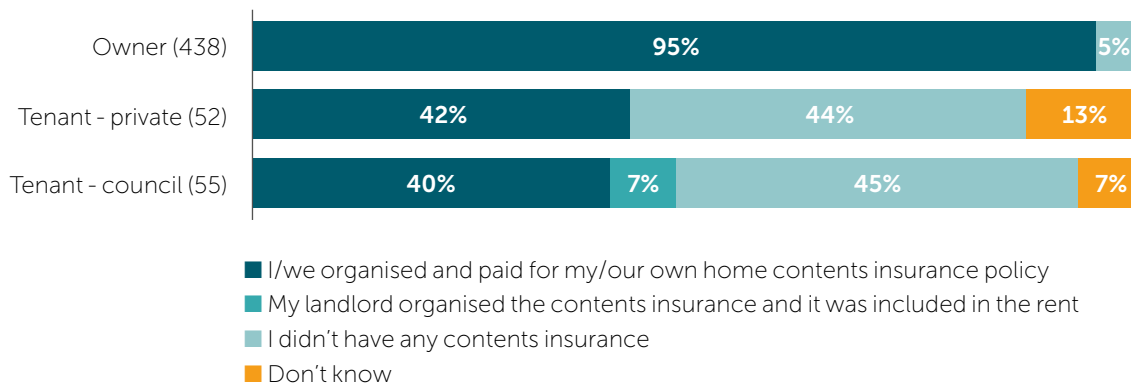


Figure 8: Now thinking about home contents insurance, which of the following statements best describes your circumstances with regard to contents insurance at the time of the floods in November 2019? Base sizes in parentheses. Figures in bold are significantly different to the average at the 95% confidence level.

Qualitative insight:

One of the key aspects to insurance is providing “alternative accommodation”. This would for example be an important aspect of tenants’ contents insurance. But those who rent do not always obtain contents insurance. In interviews, reasons for this include the tenant incorrectly thinking that they are covered by their landlord’s insurance, the tenant deciding that they do not have any possessions that need insuring or the tenant having to prioritise other things due to issues such as affordability.

Interviewees noted that there were cases of landlords not having buildings or contents insurance or, if they did, not claiming on either of these policies. Two of the reasons suggested for landlords not claiming on their insurance were ‘apathy’ and ‘not wanting to lose their no-claims bonus’. This raises some concerns around the application of letting laws relating to insurance, with the possibility of tenants being left vulnerable. There were also anecdotal reports of landlords not being contactable after the flooding, which suggests some tenants in the area might have been left at risk of homelessness and/or responsible for undertaking repairs themselves.

Again, reflecting the high proportion of rented households in Bentley and the high levels of home ownership in Norton & Askern, having contents insurance was less prevalent in the former (63%) and more prevalent in the latter (96%).

The differences by age outlined above in relation to buildings insurance also pertain to contents insurance and for similar reasons (i.e. the greater propensity of younger householders in rented accommodation).

¹⁷ The Department for Environment, Food & Rural Affairs [report](#) on the availability and affordability of insurance for householders, July 2018

Flood cover

As can be seen from figure 9, where households had organised their own buildings insurance, it covered flood damage in 73% of instances (rising to 84% of flood-affected households). Where households had organised their own contents insurance, it covered flood damage in 70% of instances (rising to 82% of flood-affected households).

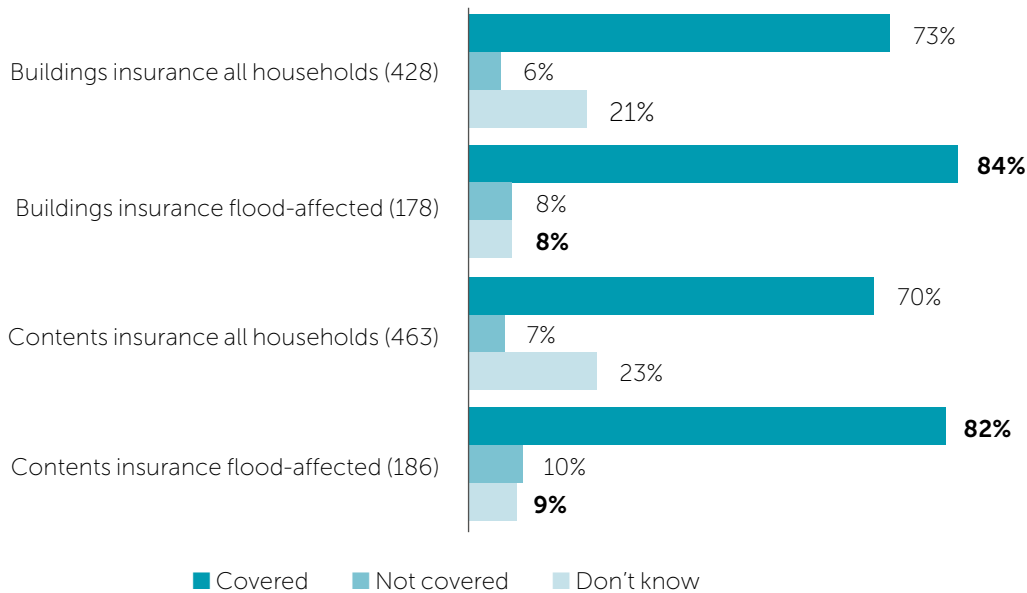


Figure 9: Did the buildings/contents insurance you had at the time of the November 2019 floods cover flood damage? Base sizes in parentheses. Figures in bold are significantly different to the average at the 95% confidence level.

Households in Norton & Askern were more likely than average to have buildings insurance that covered flood damage (82%) and the same is true for contents (86%).

54% of all households and 61% of affected households had both buildings and contents insurance that covered flood damage. Among affected households, 21% had no flood cover on either buildings or contents insurance and 9% did not know.

There were significant differences in flood insurance cover by tenure.

73% of owners who had organised their own buildings insurance were able to confirm it had flood cover – the figure was 71% for contents. The remainder was made up primarily of DKs (don't know) – 21% for buildings and 23% for contents. This translates to 71% of all owners confirming they had buildings flood cover and 68% for contents flood cover. 72% had at least one of contents or buildings flood cover.

For the majority of tenants, it was unclear if the buildings insurance that covered their property included flood cover. Only 3% of tenants organised their own buildings insurance (for the remainder of those who had insurance, their landlord organised it). 26% said they did not have any buildings insurance. However, it is not possible to comment on the extent to which this is actually the case. 61% of tenants who had organised their own contents insurance were able to confirm it had flood cover (27% did not know and 11% said it did not cover flood damage). This translates to 25% of all tenants confirming they had contents flood cover and 50% confirming they did not (including those who did not have any contents cover). To sum up, 25% of tenants said they had at least one of contents or buildings flood cover.

Figure 10 shows how flood insurance varied by ward. While 81% households in Norton & Askern reported having flood insurance on both their building and contents insurance, a third (33%) of those in Bentley did so, likely linked to the pattern of tenure in these wards.

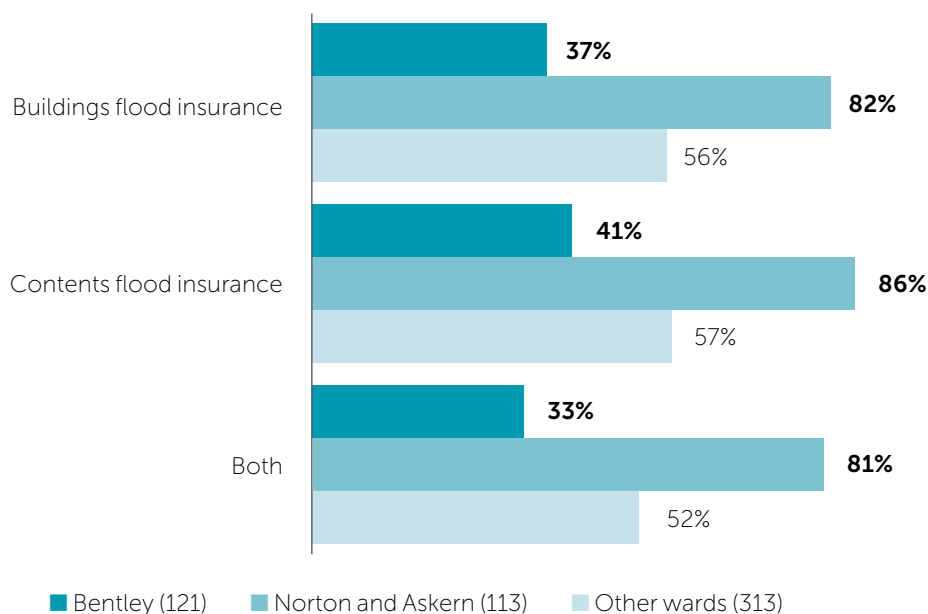


Figure 10: Summary of home flood insurance at the time of the floods in November 2019. Base sizes in parentheses. Figures in bold are significantly different to the average at the 95% confidence level.

Specific questions were asked to respondents who organised their own household insurance.

Of the owners who had organised their own buildings insurance (428):

- 6% said flood damage was not covered
- 21% said 'don't know'

Of the owners who had organised their own contents insurance (463):

- 7% said flood damage was not covered
- 23% said 'don't know'

Of the tenants who had organised their own contents insurance (44):

- 11% said flood damage was not covered
- 27% said 'don't know'

As expected, hardly any tenants said they had organised their own buildings insurance.

Reasons for not having insurance

Among those who did not have contents insurance (68 respondents), the key reason was the cost (28%), echoing the qualitative research among stakeholders.

Qualitative insight:

Income was the biggest barrier identified for households not having flood insurance. Many believe that for the poorest households, buildings or contents insurance is seen as a luxury, rather than a necessity and is less of a priority than paying the rent or mortgage, utilities bills, or putting food on the table.

"Income will be the biggest barrier. There's a decent unemployment rate in Donny, it's very working class and something I've learnt from speaking to people in these kinds of areas is that money's tight and they struggle a lot. They are hand to mouth, affordability is an issue, if it's a choice between that [insurance] or feeding your family, what do you do? You feed your family."

(Liz Mitchell, Flood Assist¹⁸)

Other reasons provided for not having contents insurance included a failure to renew (19%), an inability to get a quote (13%), because the risk did not justify the cost (12%) and a decision to take the risk of not having insurance (10%).

Qualitative insight:

Interviewees suggested that the language used by the media can increase the low perception of risk and lead to a degree of apathy, which can result in homeowners deciding to risk not having insurance. The phrase "a one in a hundred-year flood" is common language and some interviewees said this can provide false reassurance that such an event will not happen again and certainly not in the near future.

"The phrase one in a hundred-year flood is often banded about and people have said to me 'I'm 85 now, I'm not going to see another flood'. So, I think people think that because they have flooded recently, that they're not going to flood again, because a one in a hundred, or one in fifty-year flood statistic is used. When I interviewed quite a few people for my e-mag, the general response was 'I had a one in a hundred-year flood in 2009 and didn't expect another one.' So, we've got to find a way of describing flood risk to people in the most simple way."

(Mary Dhonau, Mary Dhonau Associates)

¹⁸ Flood Assist provides flood insurance to home and businesses in high flood risk areas.

Reasons for not having flood cover

Flood cover and flood insurance refer to insurance that covers flood damage. Among the 32 households that had contents insurance in November 2019, but that did not cover flooding, the main reasons given for not having flood cover were that they could not get a quote (eight respondents), the cost of insurance was too high (seven respondents), the excesses were too high (five respondents) and they did not think they needed flood cover (five respondents).

Qualitative insight:

Interviewees said that some residents were faced with extreme increases in their premiums and excesses on renewal, so much so as to make them unaffordable; many of these premiums increased by up to four times and it was reported that some in Bentley were asked to pay excesses of over £7,000.

"We are very frequently contacted for this...our helpline takes a lot of calls from people actively trying to gain insurance or finding that their insurers are no longer going to insure them, or that they've been offered ridiculous rates for general insurance."

(Heather Shepherd, National Flood Forum)

Six respondents did not realise that flooding was excluded from their insurance policy. Many stakeholders involved in the qualitative research reported similarly; they only found out that they did not have flood cover after trying to make a claim. Reasons for this tend to be because of complex language.

Qualitative insight:

Interviewees said that the confusion for those who believe they were covered, but were not, usually stemmed from insurance policies being difficult and overly complex to read and understand. There were also some instances of policies being changed to exclude cover, with communications not explicitly highlighting the change.

"Many were told by their companies 'No you're not covered for flood' when they thought they were, perhaps they even were, or there was a little tiny clause on page 30 of their policy that said that they weren't, when a different bit said that they were. You know, that kind of level of detail where people have a reasonable belief that they were covered and actually they weren't."

(Catherine Berry, Community Worker, St. Peter's Church Bentley)

Many interviewees believe that more people did not have cover for this reason than has been recorded due to a fear of 'looking uneducated'.

Price comparison websites were also said to drive consumers unawareness of their level of cover; these sites list the cheapest policies, but some do not state transparently what is covered by the policy, leading many to purchase insurance cover with flood exclusion.

"Problems arise when people go to online resources, so comparethemarket, gocompare, moneysupermarket and they can find policies but in the small print flooding is excluded. In my opinion, as much as the client is supposed to read all the small print, human nature dictates that we don't behave in that way and a lot of people took policies out and didn't realise they didn't have flood cover."

(Liz Mitchell, Flood Assist)

Insurance renewals

Actions at renewal

On receipt of an insurance renewal 8% of all households and a similar proportion (10%) of affected households reported that they look at it and take no further action and a further quarter of each group (25% and 28% respectively) said that they take no further action if they are happy with it.

31% of all households reported that they sometimes act to obtain a lower quote whether or not they are happy with the renewal quote. A significantly lower proportion (26%) of affected households reported taking this action.

Just over a quarter of both groups (27% and 26% respectively) reported always taking some action to obtain a lower quote (Figure 11). One in ten (8% and 10% respectively) reported never having insurance and this rises to 21% of households in Bentley and 37% of tenants.

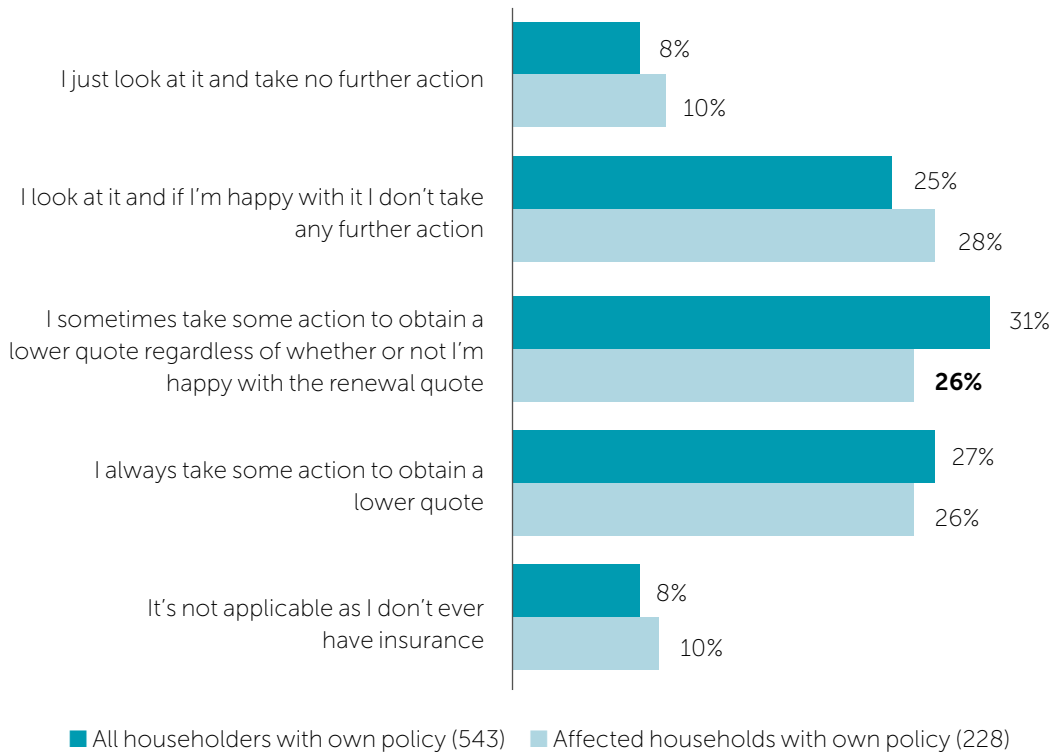


Figure 11: When you receive an insurance renewal, which of the following best describes what you do next? Do you...? Base sizes in parentheses. Figures in bold are significantly different to the average at the 95% confidence level.

Among households who did report taking some action on receipt of an insurance renewal, 69% shopped around for new quotes online/via price comparison websites, 36% contacted their insurance company to ask for a lower quote and 20% contacted other insurance companies directly for new quotes.

Renewals prior to November 2019

The survey included a question about the extent to which premiums and excesses changed when households last received an insurance renewal prior to the floods. The pattern of response was similar regardless of whether they had buildings only, contents only, or a combined policy and largely similar for affected households also. Around a third reported that their premium remained the same or decreased, around half that it increased by less than 20% and around one in ten that it increased by more than 20%. Defra's 2018 survey¹⁹ found that premiums in 'at risk' areas increased in around a third of all cases and also increased for four in ten affected households; both significantly lower proportions than the c. 50-60% who saw increases in Doncaster.

Few respondents reported a decrease in excesses (around one in 20), around two thirds reported no change and around one in five reported an increase. This is in line with Defra's 2018 survey.

Qualitative insight:

Though awareness of Flood Re is empowering to consumers and allows them to shop around more confidently for affordable insurance, knowledge of the scheme can be frustrating for some who cannot access the benefits, as noted by the following interviewee:

"After Flood Re launched, the number of calls to our helpline dropped significantly. So, Flood Re is a good step forward but it is, as all schemes are, designed within a certain set of parameters. And it's always those outside of those parameters who are a) excluded and b) tend to suffer. For example, for leasehold properties there are a whole range of issues around that."

(Paul Cobbing, National Flood Forum)

Renewals since November 2019

Close to half (48%) of all households had tried to renew/take out or renewed/taken out home insurance since the November 2019 floods, the majority of these (40%) for both building and contents and a few for contents only (6%) or building only (2%). This pattern was replicated among affected households (47% had tried to renew/take out or renewed/taken out home insurance).

Tenants (21% private tenants, 27% council tenants) and younger respondents (20%) were less likely than average to have tried to renew/take out or renewed/taken out home insurance. In line with this, those in Bentley, where renting is more prevalent and the population is younger, were also less likely (34%). Households in Norton & Askern were more likely than average to have done so (61%).

Where they had tried to renew their insurance, households were successful in 96% of instances. While the majority of affected households were also successful (91%), this was significantly lower than the average.

Where they had tried, 68% had tried to get flood cover and in most of these instances they tried to get both contents and building covered (62%). Affected households were significantly more likely than average to have tried to get insurance that covered flood damage (86%).

87% of all households who tried to renew their insurance including flood cover were able to get building insurance that covered flood damage, as were 87% of affected households. Similar proportions were found in relation to contents insurance (88% and 89% respectively). In both cases (buildings and contents) c. 8% said 'don't know' and c. 5% said they could not get flood cover.

¹⁹ The Department for Environment, Food & Rural Affairs [report](#) on the availability and affordability of insurance for householders, July 2018

Where households had been able to get buildings insurance that covered flood damage, 14% (20 households) said this was as part of the Flood Re scheme. Where households had been able to get contents insurance that covered flood damage, 16% (24 households) said this was as part of the Flood Re scheme. It should be noted that the onus is on the insurance industry to apply Flood Re and it is not an expectation that the homeowner should know about it.

While the majority of all households and the majority of affected households, found it no easier nor more difficult than usual to get flood cover for building/contents when they renewed (two thirds or more in each instance), one in five of all households (18% for buildings and 20% for contents) found it more difficult than usual and this rose to a quarter of affected households (24% and 27% respectively).

Qualitative insight:

Interviewees reported that some insurer algorithms can impact company ability to offer policies in impacted areas. This is because insurance companies are likely to mitigate their risk by only offering a certain amount of policies in each area. As a result, while some households may be able to obtain insurance at an affordable price, once the 'quota' of the insurance company is met they will not be able to offer any more policies.

"Different insurers will have different approaches to assessing and pricing risk and will therefore have different approaches to decide how many home insurance policies they will write in a certain area. This is why it is important for people at risk, including those in Doncaster, to shop around for their home insurance, to find an insurer who is able to offer the right policy at the right price."

(Dermot Kehoe, Flood Re)

Though Flood Re is in place to ensure homeowners can secure flood insurance, as consumers are unable to purchase insurance through the scheme directly, they have to rely on the insurer choosing to either cede the policy, or pass the savings on to them. Flood Re says it encourages consumers to shop around, as it believes its scheme ensures that there will always be a provider who will offer flood coverage. However, some consumers in Doncaster have not found this to be the case. Similarly, having to shop around to find an insurer using Flood Re and offering adequate cover was said to have a negative impact on renewals.

"The time taken for people who are at risk [of flooding] to get insurance; if every year you have to spend several weeks trawling through insurance companies to get insurance, because you are at relatively higher risk, this is a major disincentive."

(Paul Cobbing, National Flood Forum)

There was no unanimous opinion on who should communicate the different sorts of insurance cover available for purchase, though all stated that a better communication of insurance services would benefit homeowners.

Insurance claims

In the November floods, 87% of affected households who had flood insurance made a claim; 71% for both buildings and contents, 9% for the building only and 7% for contents only.

Reflecting the severity of the flooding in Norton & Askern and the different levels of insurance, 93% of households here claimed for both building and contents. Those in Bentley were more likely than average to claim for building only (21%) or contents only (15%).

68% of affected households who had flood insurance were aware of the Flood Re scheme, with most of these (59%) knowing only a little about it.

Of the 21 households who did not make a claim, 12 were worried that it would increase their premiums, ten felt the damage was minimal, four were worried it would increase their excess and three that it would affect the value of their property or make it harder to sell.

Qualitative insight:

Of those who had made a claim on their insurance policy after the flooding, some found themselves in the middle of this claim when their policy came up for renewal. One of these claimants said that they found their current insurer to be the only company willing to provide them with a quote and so they felt tied in to renewing policies with their current provider. This is regardless of how effective they believed the policy to have been, any disputed underinsurance or coverage issues, or how inflated the renewed premium or excess may be.



A decorative graphic consisting of several overlapping, wavy horizontal bands in various shades of teal and blue, creating a layered, water-like effect. The bands are positioned in the lower half of the page, behind the main text.

Chapter 3: Findings from research among businesses

This chapter summarises the results from interviews conducted with 29 businesses. It includes the following topics:

- Experience of flooding;
- Concerns about flooding;
- Insurance, renewals and claims.

The sample base is not representative of businesses in Doncaster. The sample frame comprised 215 businesses in postcode areas in the Doncaster area affected by flooding (provided by Defra), although it should be noted that not all businesses were actually affected by the flooding.

The results should be viewed as indicative rather than statistically robust. As such, we have reported the findings in terms of 'number of businesses' rather than percentages.

Experience of flooding

Fourteen of the 29 businesses interviewed were directly affected by the floods in November 2019 and for nine of these businesses trading was affected, three for a month or more. Only two businesses had been previously damaged by flooding in the previous five years.

Fourteen businesses were unaffected by the floods, with one business unable to say whether they had been affected or not.

Ten of the 14 affected businesses regarded flooding as a major concern, as compared to four of the 14 unaffected businesses.

Insurance

Twenty-five of the 29 businesses interviewed had insurance cover of some kind for their premises at the time of the flooding and the extent of cover was similar for both affected and unaffected businesses. Only one of these businesses experienced difficulties in securing this insurance due to the risk of flooding. Seven of the 11 businesses operating from home were covered by their home insurance.

In the five cases where someone else arranged the insurance cover, three used an independent insurance broker and two a large broker firm.

Of the 25 businesses that had insurance cover at the time of the floods, 14 had cover for flood damage, seven for property and business interruption, four for the property only and three for business interruption only. Eight of the 13 affected businesses that had cover had some kind of flood cover, as compared to six of the 12 unaffected businesses.

Four of the nine businesses who said that they did not have insurance that covered flood damage said this was because they thought they did not need it, including two of the five affected businesses in this cohort. Two could not get a quote that included flood damage and one thought that they did in fact have flood cover.

Of the eight affected businesses that did not have insurance that covered business interruption as a result of flooding, three thought that they did not need it, two could not get a quote that included it, one found the costs of premiums were too high, one thought that they had flood cover and one did not know how to get this kind of cover.

Insurance renewals

Of the 25 businesses who had some form of cover during the floods, 13 said their premium stayed about the same or decreased when they last renewed, ten said it increased by no more than 20% and two that it increased by more than this. Eighteen of this group said their excess stayed the same, four that it increased and one that it decreased.

Thirteen of the 29 businesses interviewed had sought quotes for insurance cover in the previous two years, with ten of these going to an independent broker, six searching online for specific companies, five going to a large broker firm and one using an insurance comparison site. Only two of these 13 businesses reported difficulties in obtaining a quote.

Ten of the 29 businesses interviewed had tried to take out/renew or taken out/renewed their insurance since the floods and six of these tried to get insurance that covered flooding. Four of them went to an independent broker, one searched online for a specific company and one went to a larger broker firm. Five of them were able to get insurance that covered flooding and only one experienced any difficulty in securing this insurance due to the risk of flooding. For two of these ten businesses the premium increased by up to 20% and for three of them it increased by more than this. Two experienced increases in their policy excess.

Ten of the 14 affected businesses were aware of other businesses in the Doncaster area that were affected by the floods, as compared to four of the 14 unaffected businesses.

Insurance claims

Seven of the 14 affected businesses claimed for flood damage, all seven in relation to property and four in relation to business interruption. Of the six businesses that did not make a claim, three said this was because they did not have the cover, three that the damage was minimal, one that it was too much hassle and one that they could not afford the increase in their premium.

Qualitative insight:

Some interviewees said that they had done all they could when obtaining their policy to ensure that they were covered for all eventualities. Underinsurance²⁰ and disputes with insurance companies appeared to be particularly prevalent for farming and businesses, which insurance companies state are more difficult to value, due to their more complex needs and unique settings.

"We've got a very comprehensive cover, so we weren't concerned to begin with. We took guidance from brokers and insurance companies, we shopped around to get the best value without cutting the cover, because that's obviously vital. We spend a significant amount every year on insurance, probably around £2,500. We've done everything that we felt possible to be covered in every eventuality and the loss adjuster came out and didn't think there was a problem, but about three weeks later they decided we were underinsured by about half."

(Chairperson of the Fishlake Cricket and Bowls Club)

²⁰ Underinsurance refers to inadequate insurance coverage held by a policyholder. In the event of a claim, underinsurance may result in economic losses for the policyholder. If a policy is insufficient, the claim would exceed the maximum amount that can be paid out by the insurance policy



Chapter 4: Supplementary evidence

In addition to the research conducted by BMG, Amanda also gathered evidence directly from 13 industry and community representatives, including Doncaster Council, the Environment Agency, Flood Re, the Association of British Insurers, British Insurance Brokers Association and local Members of Parliament. The full list of written submissions and stakeholder interviews is set out in Appendix D.

This supplementary evidence consists of the views of a relatively small number of individuals, each of whom has a unique but only partial perspective on flood insurance in Doncaster.

In the main, the evidence and findings from these submissions and interviews is consistent with the findings from the research study. However, there are some contradictory views and some areas where this supplementary evidence strengthens the research study. The supplementary evidence also suggests explanations for one or two of the more prominent findings from the research study.

Key findings

Affordability of flood insurance was thought by many to be the key problem. This view was expressed especially by respondents who were better placed to understand the socioeconomic status of the area, citing the more deprived areas of Doncaster, such as Bentley, where tenants and homeowners make the choice not to buy buildings or contents insurance, viewing it as a 'nice to have' rather than a priority. It was said that many of these groups who choose not to purchase insurance are vulnerable, elderly, deprived and at-risk. One MP mentioned a constituent whose most affordable quote found through a broker was £1,400. A local broker also stated that premiums were far too high – and cited flood excesses in the region of £7,500, which is unrealistic for the poorer residents.

However, there was also a contrasting view that low coverage is not primarily due to affordability per se, but is likely to stem from a lack of clarity of how to access affordable insurance for properties at risk of flooding. This view was expressed mainly by insurance industry representatives and Flood Re, arguing that the majority of claimants would have been charged the lowest flood premium (assuming their insurer ceded the policy to Flood Re and passed on the savings), or would at least have a low flood premium available to them. There was also a view that perception of inaccessibility or unaffordability may be a bigger barrier than accessibility itself. For example, after the flooding in 2007, households were likely to have found accessing insurance prohibitively expensive, or with terms and conditions in the policy which effectively "rendered it useless" and so they stopped looking.

There are barriers in distribution chains that can divert customers away from Flood Re supported insurance policies. BIBA claimed that many insurance brokers cannot access Flood Re supported policies using their software systems and this was supported by evidence from a local broker. To strengthen this claim, BIBA carried out a survey of their members and found that half of brokers had difficulty accessing Flood Re supported policies, despite the vast majority having customers who would benefit.²¹

Another industry respondent – from DAC Beachcroft – argued that price comparison websites are often unable to include those in at-risk areas and as a result either exclude flood cover, or do not offer a quote (leading to a perception of unavailability). Further, they argue that although specialist brokers should be used by the at-risk groups, many are unaware that they are at risk, or how to access specialist brokers.

As many homeowners are unaware that they can get subsidised flood cover through a Flood Re supported policy, they do not know to look for it. This is supported by BIBA's suggestion (backed up by their survey) that the majority (52%) of their brokers' customers tended to accept a policy with a high premium or a flood exclusion rather than try to find another provider that can offer a Flood Re supported policy (33%).

²¹ BIBA carried out a survey of members in 2020. Among the questions was:

"Do you have difficulty in accessing Flood Re-backed policies?". 36 respondents (50%) answered 'yes' and 28 (39%) answered 'no' with 8 'not sure'. And 'if you are not able to offer Flood Re-backed policies to eligible customers, what does the customer do?' 17 (24%) said 'take the policy excluding flood cover, 19 (27%) said take a non-Flood Re-backed policy that offers flood at a greater premium and/or deductible; 23 (32%) said 'try to find a provider who can offer Flood Re-backed policies and 1 said 'take no cover at all'. 11 replied 'other'.

There is some anecdotal evidence that some insurance companies raised their premiums or did not offer a quote to an affected household after a flood, despite Flood Re being available. One local MP spoke with many constituents in the Doncaster area who were unable to obtain flood insurance after the flood. Those constituents reported that some existing providers refused to renew policies. Although the MP was able to intervene, this strengthens findings from residents who are concerned that it is only the “savvy” few who are able to obtain a quote, as they go through politicians to do this. Flood Re argue that it markets its product to impacted areas in the period after a flood, in order to educate on the need to shop around to obtain an affordable cover, though it appears this did not have an impact in Doncaster.

A lack of clarity in insurance policy terms meant some were unaware that they did not have flood insurance. Some stakeholders claimed that some people who did not have flood cover incorrectly thought that they were covered before the event. Two reasons were described:

- The customer initially thought that they were covered, but given a lack of clarity within their insurance documentation, were not;
- The customer may have had flood insurance, but their insurer had amended the clause without communicating this in a clear and concise way.

In addition, some stakeholders postulated that some residents may wrongly believe that they have flood cover through Flood Re regardless of their insurer’s relationship with the scheme, assuming that it is a pool that will support them in every eventuality.

Businesses have particular problems with accessing flood insurance as a result of their more complex insurance needs and because there is no Flood Re support. Many businesses were unable to access flood insurance for their specific needs. For example, agriculture businesses were unable to access insurance that cover outdoors areas (this was reaffirmed when BMG spoke with farmers who had been impacted by the November 2019 floods).

Some stakeholders argued that small and medium enterprises (SMEs) are particularly impacted by the lack of Flood Re support; larger businesses are able to self-insure and there have been innovations in the industry for larger businesses (see Defra review on flood-mapping) but SMEs are unable to access this.



Respondents' proposed solutions

Most respondents agreed that there is a need for better communications around Flood Re and how and where to find affordable insurance.

BIBA referred to their call to action for Government to explore whether insurers should be permitted to offer home insurance cover excluding flood insurance when they are aware the property is at high risk of flooding.

ABI stressed the need for specialist brokers to ensure that businesses have the right level of flood cover, as this is often more complex and difficult than for residential properties.

Additional findings

Finally, stakeholders also took the opportunity to talk about two issues that are strictly speaking out of scope of this Review, but worth raising as they will have some bearing on the conclusions:

- i. Promoting resilience and resistance: There was a lot of interest in support for building resilience into properties, including through government grants and incentivising insurers to "build back better" after a flood claim. Respondents had some concerns and practical suggestions, which have been communicated to the relevant government departments. Although it is out of scope of this review, it is worth noting that any increased focus on the role of insurers and Flood Re in supporting better resilience measures can only increase people's awareness of the potential value of insurance;
- ii. Management of flood claims: a number of respondents expressed concern with the conduct of some insurance companies in their management of claims and their treatment of people affected by the floods. They noted that although many insurers have acted responsibly and reasonably, there are still some who have not treated consumers so well and that this should be addressed. A number of potentially serious accusations were made about specific instances of poor conduct. As this is outside the scope of the review, details have been passed on to the Financial Conduct Authority. However, it is worth noting that mistrust and misunderstanding of insurance is commonly cited as a barrier to take-up of insurance and to the extent that these concerns are widely held this can only help to fuel that mistrust.



Conclusions and recommendations

As set out in the introduction and terms of reference, the review was asked by the government specifically to look at:

- What the evidence tells us about the level of insurance cover held by those most recently affected by the floods in Doncaster and the barriers they faced;
- Whether this evidence points to any systemic issues in the provision of flood insurance; and;
- Whether this evidence suggests any other issues regarding availability, affordability, barriers, or dissatisfaction with insurance coverage?

As the previous chapter shows, there are a number of interesting findings with respect to the level of insurance coverage for the different types of households in Doncaster. These findings also suggest some systemic issues in the provision of insurance for high risk groups in Doncaster, which are likely to be equally problematic in other similar areas with high flood risk and a degree of social and economic deprivation.

Only limited lessons can be drawn from comparisons between Doncaster and the national picture, as previous surveys of the coverage of insurance among flood-risk homes (for example, Defra's 2018 survey) have not explored the extent to which buildings or contents insurance excluded flood risk. This is concerning for a country with a high risk of flooding. Future national surveys into the coverage of insurance should take this into account.

Recommendation 1: Re- Survey Policies Without Flood Cover

Defra should repeat its 2018 survey into the affordability and availability of insurance by 2022. As part of this survey it should assess the proportion of buildings and contents insurance policies that do not cover the risk of flooding.

When it comes to Doncaster, there are very marked differences between owner-occupiers and tenants in terms of insurance coverage, to the point that it makes most sense to consider the picture for each group separately. There are also stark differences in coverage between Norton & Askern and Bentley – the two areas most affected by the floods. Bentley has a younger age profile with lower household incomes, more residents in receipt of state benefits and a high prevalence of private and social renting – all factors associated with lower coverage. Whilst socio-economic factors are strongly correlated, the key point that impacts whether someone has adequate insurance cover relates to whether they are an owner-occupier or a tenant.

For this reason, the review has considered the findings for owner-occupiers and tenants separately - looking at key conclusions from the evidence provided to the review, what it shows about the barriers to full insurance cover, the effectiveness of Flood Re in addressing those barriers in practice and what more needs to be done to improve coverage against risk of future events.

The position for owner-occupiers

The quantitative evidence showed that owner-occupiers were generally far better protected than renters. The vast majority had insurance - 97% of owners had at least one of buildings or contents insurance and 95% had both. On the other hand, only 71% of owner-occupiers were able to confirm that their buildings insurance covered flooding and 6% positively stated that their insurance excluded cover for flooding. Even assuming that no more than 6% had a flood exclusion applied to their buildings or contents policy (ie. if all the "don't knows" were in fact covered), that is still a surprisingly high figure.

The existence of flood exclusions is evidence that Flood Re supported policies²² are not being offered to a significant proportion of households who would be eligible. It is also likely (although not possible to demonstrate from the research) that some households with very high premiums or very high excesses were equally not offered a Flood Re supported policy when they were eligible.

This is surprising, as there is no disincentive for an insurer to provide full cover for flooding – the risk is ceded straight to Flood Re, at a subsidised premium which the insurer can reflect in the price charged to the customer. And it is not because the properties in question were ineligible for Flood Re (none of the 18 households living in properties built after 2009 had flood exclusions on their insurance).

The supplementary evidence suggests a couple of potential explanations:

Affordability may be a barrier for some, even for Flood Re supported policies. There may still be a residual number of customers who actively decline a Flood Re supported policy on the basis that the premium uplift for flood cover is unaffordable, even though it is significantly lower than the full risk reflective price. This is likely to be particularly problematic when the householder is not well informed about their own flood risk and/or has a poor understanding the wider value of insurance (as the supplementary evidence suggested was often the case in Doncaster).

Choice of distribution channel may also be a key factor. There is evidence that insurance brokers often find it difficult to access Flood Re policies. Indeed, BIBA's survey of its brokers (see above) suggests that 50% of brokers have difficulty, largely due to lack of availability of ceded policies through the software houses on which they rely²³. Consumers relying solely on brokers may therefore not be aware of the potential for a Flood Re policy, or not referred on to anywhere they can access a Flood Re policy, or to the specialist brokers they may need.

A proportion of households in high risk areas have a poor understanding of the cover they have bought for one of the most significant risks they face. There is anecdotal evidence of customers being unaware that they were not covered for floods until they tried to make a claim. This evidence is not strong enough to draw conclusions, but combined with the fact that a quarter of respondents were unable to say whether or not they are covered (even after the area had flooded), it suggests a level of poor understanding of the cover they have bought. Given the relatively low levels of active searching at renewal, it is possible that many households are therefore renewing policies they have had for years without being aware that Flood Re supported cover is now available.

²² By "Flood Re supported policy" we mean an insurance policy with the flood risk element ceded to Flood Re to enable a reduced premium.

²³ It can be very expensive and not cost-effective for an insurer to place a product with a software house. The relationship between insurers and software houses is not within the remit of this review, but there is a strong case for BIBA and the ABI working together to see if there is a viable and cost-effective way to get Flood Re policies on software houses.

If the experience of Doncaster were replicated across the country, that would mean tens of thousands of homes that are at risk of flooding and are unnecessarily exposed to those risks without insurance cover, or without full understanding of the implications. There are five clear steps that would have a significant impact on this problem.

Recommendation 2: Intermediaries Unable to Secure Flood Cover

Intermediaries who are unable to secure, or renew, insurance with flood cover for customers who are eligible for Flood Re should always explain to the customer: i) that they have a high flood risk; ii) how they could secure a Flood Re supported policy; and iii) the consequences of buying insurance with a flood exclusion or very high excess.

Recommendation 3: Insurers Excluding Flood Cover

Insurers should not offer, or renew, Flood Re eligible customers' buildings or insurance with a flood exclusion unless i) specifically requested by the customer and ii) they can be assured that the customer understands that they have a high risk of flooding for which they will not be covered. In all other circumstances they should consider ceding the policy to Flood Re or signposting the customer to alternative ways to secure adequate insurance.

Recommendation 4: ABI / BIBA Code of Practice

The Association of British Insurers (ABI) and the British Insurance Brokers' Association (BIBA) should develop a joint Code of Practice for insurers and brokers covering the above measures to ensure that their members comply.

Recommendation 5: Signposting service

Flood Re, BIBA and the ABI should establish a new signposting service to ensure that any household that is eligible for Flood Re but denied cover because of flood risk, or offered insurance only with a flood exclusion, can be referred to a specialist broker who can help them secure affordable, exemption-free cover. This service should also be available for small businesses that are denied flood cover.

Recommendation 6: Further Defra review

Defra should review progress by 2022, using their repeat survey (see Recommendation 1) to assess the extent to which buildings and contents insurance excludes flood risk. If the government considers that the proportion of policies containing flood exclusions remains unacceptably high at that point, they should ask the FCA to consider:

- a mandatory signposting service (along the lines of the FCA's mandatory signposting service for customers with medical conditions looking for travel insurance²⁴); and
- setting out the responsibilities of insurers and brokers with respect to flood exclusions in guidelines and/or regulations.

²⁴ Financial Conduct Authority, PS20/3: **Signposting** to travel insurance for consumers with medical conditions

The position for tenants

Prevalence of insurance coverage.

The fact that tenants are not responsible for buildings insurance and therefore have little awareness or control over the cover provided, puts them in a very different position to owner-occupiers. Unsurprisingly, the quantitative research showed that only 36% of tenants were able to confirm that the property was covered by buildings insurance and a further 37% did not know (27% said there was no buildings insurance). As tenants are unlikely to be aware of the Terms and Conditions of buildings insurance organised by their landlord, the research did not explore the prevalence of flood exclusions. Tenants also had relatively low coverage of contents insurance, with only 45% stating that they had insurance and only 61% of those were able to confirm that their insurance included flood damage (11% confirmed that their insurance did not cover flood damage). As a consequence, only 25% of tenants were able to confirm that they had either buildings or contents cover that included protection against flooding.

This finding is concerning. Tenants are particularly vulnerable in the event of a flood as they are vulnerable to being made homeless if the property is made uninhabitable by flooding. Private landlords do not have any obligation to provide alternative accommodation in that event and are not prevented from charging rent for the period in which the property is uninhabitable. This means that tenants can be faced with the joint challenge of paying rent in order to secure their tenancy as well as the costs of finding alternative accommodation.

Tenants can be protected against this eventuality either through their landlord's buildings insurance (assuming it doesn't contain a flood exclusion) or by their contents insurer (most contents insurance includes some level of cover for temporary accommodation as standard). The fact that 75% of tenants living in a high flood risk area were unable to confirm that they had one or the other is therefore of concern.

Improving insurance cover can be achieved either by ensuring that landlords have buildings insurance that covers flooding, or by promoting the take-up of contents insurance (without flood exclusions). Neither of those is easy or straightforward. However, there are four actions that could help:

Recommendation 7: Landlord Notification

Landlords of properties in high flood risk areas should provide their tenants with details of the buildings insurance cover in place, including the support that would be provided by the insurer to the tenant in the event of a flood. Government should explore how to use its existing powers to ensure social sector landlords do so and consider the case for legislating to compel private sector landlords to comply.

Recommendation 8: Landlord Buildings Insurance

Government should consider the broader case for requiring landlords to have buildings insurance that protects tenants in the event that the property is uninhabitable for an extended period.

Recommendation 9: Local Authority Tenant Awareness

Local Authorities should ensure that tenants in high flood risk areas are given guidance on i) the range of risks they face in the event of a flood and ii) ways in which they can protect themselves with adequate insurance cover.

Recommendation 10: Flood Re Low Income Affordability

Government should consider more direct ways to increase the take-up of contents cover for tenants in high flood risk areas. As well as promoting awareness, this should include reviewing the impact of the Flood Re premium for contents-only cover on the affordability of contents insurance for low income households. At £52 for flood cover for Council Tax Band A and B properties, even the lowest Flood Re premium can be a very big uplift on a contents premium (particularly compared with the FCA's estimate of £56 average cost for a new contents policy²⁵) and create a cost barrier for low income households who are already making difficult choices about how to ration their spending).

²⁵ Financial Conduct Authority, General insurance pricing practices final **report**, September 2020

The position of businesses

The researchers interviewed 29 businesses in the affected areas, of which 14 were affected by flooding. Most had some form of insurance cover and of those, 14 had some form of cover for flood damage (property damage, business interruption, or both). Of the nine which did not have flood cover, four said they did not need it and two couldn't get a quote that included flood damage. Some businesses faced premium increases after the floods, but most premiums remained the same and only two were faced with increases of more than 20 percent.

It is clear that some individual businesses have found it difficult to secure the insurance cover they want for their specific needs at an affordable price and that some businesses felt that they had had a poor experience with their claim. However, because of the very low sample size it is not possible to draw any general conclusions or recommendations. Nothing has emerged from this small sample to suggest systemic issues with accessibility, availability, or affordability. That said, it would not be unreasonable to assume that very small businesses working largely from home may suffer the same issues as homeowners and could therefore benefit from better guidance and the improved signposting to insurance being recommended. **In the light of the way the economy is likely to evolve post Covid, with more homes acting as business premises, there is a good case for reviewing the needs of these businesses and any gap in insurance, in greater depth.** In addition, Local Authorities should also be working with their small business forums and business continuity teams to promote existing guidance in areas prone to flood risk.

Wider conclusions

Difficulty understanding insurance cover

The research findings suggest that consumers find communications from insurers difficult to digest and far more complex than they need to be. This is especially true of communications around policy changes, or policies bought through price comparison websites where concern was expressed about the lack of transparency over what is covered by the policy. This is not dissimilar to the picture for the average consumer, but the impact for high flood risk residents of not understanding their cover is much more significant – particularly if there are flood exclusions, or very high flood excesses.

Dissatisfaction and mistrust of insurers

There was some evidence of a mistrust of insurers, particularly around the issue of underinsurance. Some respondents highlighted cases – particularly one or two of the affected businesses - in which people who think they have done everything right and followed all instructions, were still underinsured. Some residents' experience of poor claims handling following the flood will not have improved matters. Irrespective of the truth of these issues, the perception is itself important given that it can act as a disincentive to taking out, or engaging with, insurance in the first place.

Low engagement

There is evidence that some residents are not very engaged with their insurance. For example, on receipt of an insurance renewal quote, while 30% said they always shopped around for a lower quote, 36% responded that they took no further action. And of those who did not have contents insurance, 19% said that they hadn't got round to taking it out or renewing.

While this level of disengagement with insurance may not be surprising, or indeed very different from the average consumer, it is a more serious issue for those living in high flood risk areas. People living with the risk of flooding are likely to need to be much more persistent in their efforts to find affordable insurance. In addition, the implications of being uninsured are much more profound – potentially leaving owner-occupiers with costs running into 10s of £000s and leaving tenants with the risk of uninsured damage to their property or even becoming homeless.

Affordability

On the matter of affordability of insurance, there was a marked difference in view between local representatives - who felt that affordability was a significant barrier to take-up of insurance and insurance industry representatives – who felt that Flood Re supported insurance provides a solution. Affordability is a relative term (ie. relative to individual circumstances) and determined largely by:

- the cost of insurance (which Flood Re certainly does affect); and
- the ability of the customer to manage that cost; and
- by the customer's perception of the value of the insurance.

This research did not explore affordability in enough depth to draw conclusions about the price paid for insurance in Doncaster, the effectiveness of Flood Re in reducing that price, or the ability of Doncaster residents to manage the residual cost.

However, there does seem to be clear evidence of a problem with the perception of value, which depends on residents:

- understanding the implications of a flood (both the likelihood and the consequences for them);
- understanding what the insurance cover will provide in those circumstances; and
- being confident that the insurer will provide that cover in the event of a claim.

There is evidence of problems in all three of those areas.

While not simple problems to solve, the following recommendations should make a big difference – at least to the first two.

Recommendation 11: Targeted Flood Risk Communications

Flood Re, the Environment Agency and the ABI should promote awareness of flood risk to high exposure households and businesses through targeted engagement, which should cover the risk of floods in their area, a simple explanation of flood insurance, a guide to accessing affordable insurance (including through specialist brokers if necessary) and a guide to what to expect from your insurer in the event of a claim.

Finally, when floods do occur it is clear that the agencies responsible for helping residents are likely to need to provide more support in poor economic areas, particularly those with high levels of renting.

Recommendation 12: Response Based on Demographics

Immediately post a flood event, local authorities should review the demographics and tenancy rates in the affected area to ensure an appropriate response mechanism is put in place.

Appendix A:

Independent Report – Terms of Reference

Purpose

The review will identify the reasons why people did not have sufficient insurance cover and in some cases no insurance at all, during the November 2019 floods. Where necessary, it will consider action relevant for future flood events.

Scope of the review

The review will include:

- (a) data collection and analysis to understand barriers preventing households and businesses having suitable insurance cover and the scale of the problem
- (b) deep dive case-study of Doncaster area (Metropolitan Borough of Doncaster), informed by evidence
- (c) assessment of main implications for future flood events
- (d) recommendations

The scope of the review will cover both domestic and business insurance.

It will cover the breadth of issues related to insurance cover raised following the recent flooding including awareness of flood insurance, uptake, availability and affordability.

It will cover issues raised for those with and without flood insurance.

The review will include a deep dive of the Doncaster area, which is the most affected area following the flooding. The flood event in scope covers 8 to 18 November 2019.

The availability and affordability of the flooding component of household insurance as a result of Flood Re.'s existence will form just one element of the wider review.

The review will build on the approach taken in 2018 on evidence into flood insurance (**FD2705: Affordability and availability of flood insurance for households and small businesses**).

Out of scope

Concerns around the conduct of the insurance industry (including insurers and brokers) is out of scope as the Financial Conduct Authority (FCA) are already conducting a review into compliance with conduct regulations and cases raised in the media. The review should not duplicate the work of this independent regulatory body.

Where parts (a) or (b) of the review find evidence of conduct issues the overarching data will be shared with HMT and feed into the FCA's remit.

Key questions

4. What does the evidence tell us about the level of insurance cover held by those most recently affected by floods and the barriers they faced?
5. Does this evidence point to any systemic issues in the provision of flood insurance?
6. Does this evidence suggest any other issues regarding availability, affordability, barriers, or dissatisfaction with insurance coverage?

Outputs

The review will consider the areas outlined above and make recommendations based on evidence found. It will be informed by a detailed data set collected for the case-study area. The review will be published on completion.

The review will inform future policy to support the uptake and effectiveness of insurance in flood risk areas.

Timeframes

The review, including research and report, will be completed by September 2020.

Data collection and analysis to understand key barriers to businesses and households holding appropriate insurance coverage and the scale of the problem – end May.

Deep dive case-study of Doncaster area – mid June.

Assessment of main implications – July.

Final report published – September.

Roles and responsibilities

An independent expert, Amanda Blanc, will lead the review. An academic/contractor will be commissioned to gather the evidence. The reviewer will get input as necessary, including from government departments:

- flood risk and flood insurance – Defra
- insurance conduct regulation – HMT
- businesses – BEIS
- recovery – MHCLG

Appendix B:

BMG quantitative survey structure

Full versions of the household and business questionnaires are available on request, but are not included here due to length (c. 50 pages combined). The outline survey structure is shown below.

Household survey structure

Introduction and screening questions.

Insurance held at the time of the floods:

- Whether had buildings/contents insurance and if not, why?
- Whether that covered flood damage and if not, why?
- Actions on receiving renewal notice
- Changes to premiums and excesses.

Flooding and claims:

- If property was flooded in November 2019
- Flood history and concerns about flooding
- Claims for flood damage.

Renewals since November 2019:

- Coverage obtained plus any associated difficulties/challenges.

General profiling information.

Business survey

The business survey followed a very similar structure, with additional coverage of:

- The process for organising the insurance (who and how)
- Business interruption insurance cover.

Full versions of both surveys are available on request.

Appendix C:

BMG qualitative discussion guide

Section 1: Knowledge and awareness of review

- Exploration of prior awareness of Defra's government-commissioned review:
 - Opinions of review;
 - How became aware of review;
 - Awareness of TORs;
 - Opinions of TORs.
- Discussion of review (see above scope):
 - Opinions of review;
 - Recommendations for review (participants, necessity, etc.);
 - Information missing;
 - Information to look out for.

Section 2: Background and areas of expertise

- Respondent expertise and experience:
 - Experience with flooding;
 - Experience with flood insurance (campaigning, community groups, etc.).
- Experience with flooding in Doncaster November 2019:
 - Professional/ personal involvement;
 - Actions taken at the time;
 - Opinions and knowledge of those most affected and why;
 - Learnings and advice from the Doncaster flooding event.

Section 3: Perceptions of flood insurance: enablers and barriers

- Scale and ease of accessibility of flood insurance in Doncaster:
 - Knowledge of support available to find flood insurance;
 - Knowledge of insurance companies/ government schemes;
 - Resident awareness of help available;
 - Differences between landlords/ tenants;
 - Communications of flood insurance help available.
- Barriers for obtaining flood insurance in Doncaster:
 - Why/who did not have flood insurance;
 - Affordability of flood insurance;
 - Availability of flood insurance;
 - (Dis)satisfaction with current insurance coverage;

- Any attitudinal barriers;
- Any barriers specific to the Doncaster area;
- Others.
- Actions that have been taken to combat barriers to obtaining flood insurance:
 - Actions taken and by whom;
 - Ongoing issues, how these can be combatted and by whom.
- Differences in barriers and enablers in Doncaster for:
 - Homes (differences for tenants and landlords);
 - Businesses;
 - Decision making processes for tenants, landlords and businesses;
 - Differences in claiming and/or obtaining insurance.
- Case studies:
 - Any information from those directly affected by the flooding in Doncaster.
- Main barriers for flood insurance for those living around the UK (not specifically Doncaster):
 - Scale of problem;
 - Other barriers (not previously identified in Doncaster);
 - Any specific groups without flood insurance and why.

Section 4: Expectations of review and future research

- How findings from review can be used around the UK:
 - Recommendations for further, national research;
 - Any other areas recommended for Defra deep dive;
 - Recommendations on how this research can be undertaken.
- Hopes for outcomes of review:
 - How review would be useful to your work;
 - What results/outcomes/actions you would like to see.

Section 5: Finish

- Any specific areas respondent would like to input into:
 - Opportunity for expert input into review in future.
- Any final thoughts, views, or recommendations for further research.

Appendix D:

Methodology and approach

Doncaster deep dive

Household survey

The sample frame comprised 3,001 addresses in postcode areas in the Doncaster area affected by flooding (provided by Defra), although it should be noted that not all households invited to participate had actually been affected by the flooding.

Originally the plan was to conduct household interviews via a face-to-face methodology, knocking on doors in the affected areas. However, those plans had to change due to Covid-19. Instead, a 'post-to-web' approach was used where letters were sent to households in affected areas inviting them to complete an online survey. A free-phone number was made available.

An invitation to contribute to the study via an online survey link was posted out to households on 18th May 2020. The invitation provided some background information to occupants and invited them to access the online survey link given in the letter, using their unique login reference to ensure that their responses could be tracked back to their household.

A reminder letter, encouraging those who had not already responded to the invitation to take part was posted on 28th May; a second reminder letter was sent out on 4th June 2020 and a final reminder letter was posted to residents on the 17th June 2020.

Telephone surveys were conducted between 15th June and 26th June. The facility to undertake the interview over the phone was provided as a result of residents contacting BMG to say they did not have access to the internet. The final reminder letter included an explicit invitation to residents to call the freephone number if they had problems accessing the survey online. This enabled them to arrange for a call back for a telephone interview.

Throughout the survey fieldwork residents were able to contact BMG directly via the freephone number and via a dedicated email address which was provided to obtain assistance with accessing the survey or to opt out of further mailing or for other help regarding the survey.

In total 547 household residents completed a survey either online (501) or via telephone (46).

Results from the household survey total sample are subject to a maximum sample error of +/-4.2% (to a 95% confidence level). This is based on a statistic of 50%. A statistic of 10% or 90% will be subject to a sample error of +/-2.5%.

Business survey

215 contacts were provided by Defra for businesses in the flood-affected area – far fewer businesses were flooded than households. Repeated attempts to contact as many as possible were made. There was an easing of the lockdown imposed to bring the COVID-19 outbreak under control on 15th June 2020 and after giving businesses a couple of days to get up and running again, further attempts to call them were made.

In total, 29 businesses in the area of Doncaster defined as that affected by November 2019 flooding (based on postcodes) completed telephone interviews. Interviews were undertaken between the 1st June and 26th June.

The results should be viewed as indicative rather than statistically robust. As such, we have reported the findings in terms of 'number of businesses' rather than percentages.

Qualitative approach

A total of 21 interviews were conducted with 30 key stakeholders between 18th May and 5th June 2020. The breakdown of those interviewed is as follows:

Number of representatives	Group	Organisation
13	Insurance Companies, providers and governing bodies	AXA Zurich Aviva Flood Re ABI
4	Community and National Flood advisory Groups	Mary Dhonau Associates National Flood Forum Flood Assist
7	Local representatives (parish councils, affected homeowners and businesses)	Fishlake Flood Group Fishlake Parish Council St. Peter's Church Bentley Fishlake Cricket and Bowls Club South Yorkshire Community Foundation Individuals affected
3	Core businesses (e.g. independent loss adjusters, environmental surveyors)	Doncaster Council Chartered Environmental Surveyors Midlands Public Loss Adjusters Ltd

Amanda Blanc conversations

In addition to the Doncaster deep dive research conducted by BMG, Amanda also spoke with a number of industry and community representatives as well as receiving written communications relating to this review.

Amanda held interviews/conversations in May and June 2020, with the following respondents:

- Andy Bord, CEO, Flood Re
- Debbie Hogg, Director of Corporate Resources, Doncaster Council Representative
- Oliver Harmar, Yorkshire Area Director and Adrian, the Environment Agency
- Huw Evans, Director General, Association of British Insurers (ABI)
- Luke Pollard MP and Stephanie Peacock MP
- Steve White, Chief Executive and Graeme Trudgill, Executive Director, British Insurance Brokers' Association (BIBA)

The documentation of these conversations was in the form of meeting notes written by Amanda.

Amanda also sought and received written feedback from the following representatives:

- Andy Bord, CEO, Flood Re
- Ian Laycock, Chartered Insurance Broker
- Ed Miliband MP
- Graeme Trudgill, Executive Director, British Insurance Brokers' Association (BIBA)
- James Morris, Partner, DAC Beachcroft
- Sarah Chadburn, Director, One Call Insurance

Appendix E:

BMG quality and compliance statement

Compliance with International Standards

BMG complies with the International Standard for Quality Management Systems requirements (ISO 9001:2015) and the International Standard for Market, opinion and social research service requirements (ISO 20252:2012) and The International Standard for Information Security Management (ISO 27001:2013).

Interpretation and publication of results

The interpretation of the results as reported in this document pertain to the research problem and are supported by the empirical findings of this research project and, where applicable, by other data. These interpretations and recommendations are based on empirical findings and are distinguishable from personal views and opinions.

BMG will not publish any part of these results without the written and informed consent of the client.

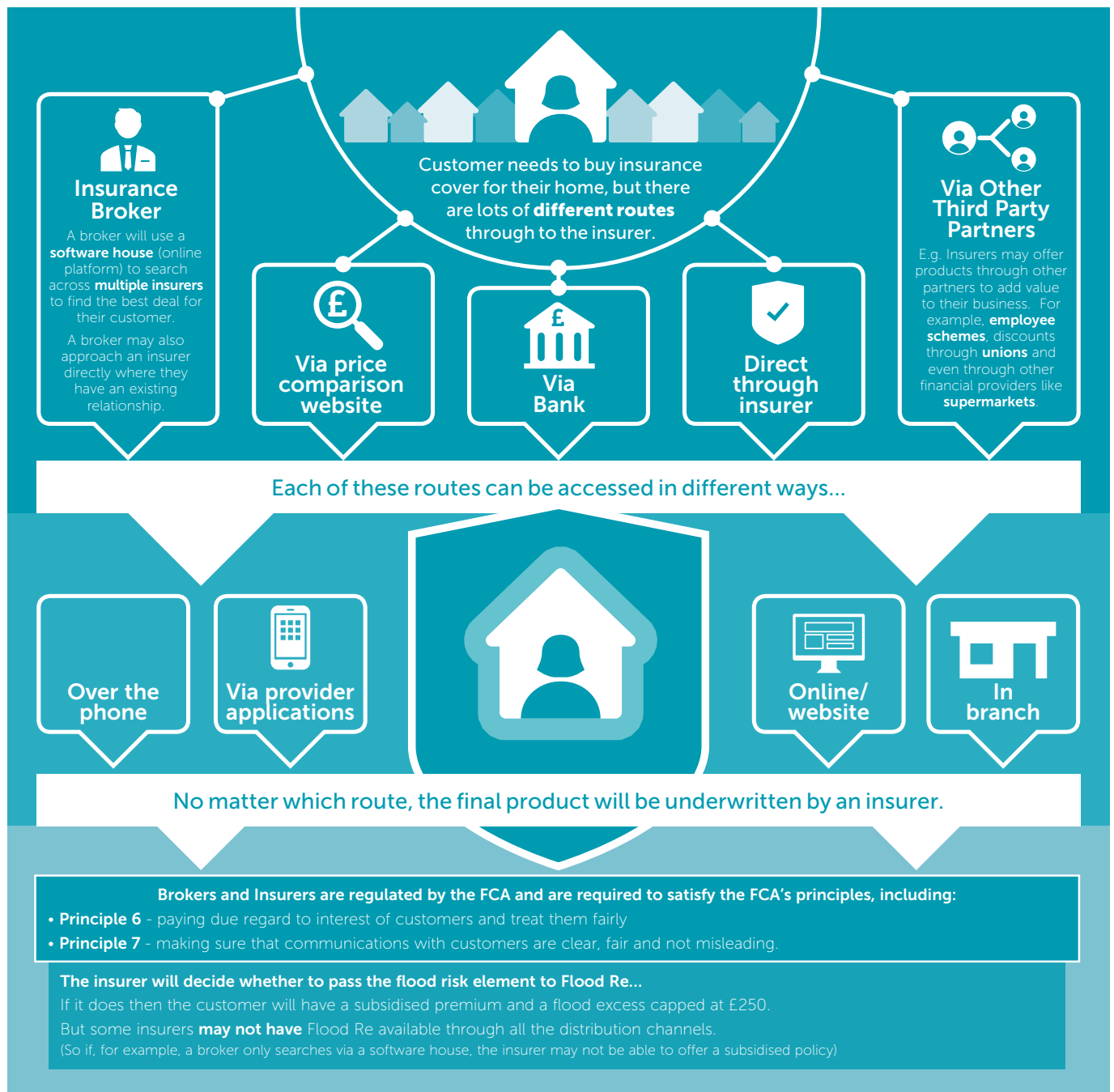
Ethical practice

BMG promotes ethical practice in research: We conduct our work responsibly and in light of the legal and moral codes of society.

We have a responsibility to maintain high scientific standards in the methods employed in the collection and dissemination of data, in the impartial assessment and dissemination of findings and in the maintenance of standards commensurate with professional integrity.

We recognise we have a duty of care to all those undertaking and participating in research and strive to protect subjects from undue harm arising as a consequence of their participation in research. This requires that subjects' participation should be as fully informed as possible and no group should be disadvantaged by routinely being excluded from consideration. All adequate steps shall be taken by both agency and client to ensure that the identity of each respondent participating in the research is protected.

Appendix F: How the uk insurance market operates





Independent Review of Flood Insurance in Doncaster

Led by Amanda Blanc