



Will Flooding affect you ... even if you are not near water.

Flooding is a growing risk for British property. The financial risk to homeowners can vary from hundreds to thousands of pounds depending on the flood risk and cost of additional insurance if your property falls within a flood risk area. Landmark reports that that as many as 1 in 6 properties are at risk of flooding and that 10% are not insurable at standard terms. This can impact on a property's future valuation, mortgage applications and saleability. Insurance companies may also apply large excesses on policies for properties at high risk of flooding.

There is a risk with your lender! If insurance is not available, then the CML (Council of Mortgage Lenders) risk your property being unlikely to be mortgageable.

In the summer of 2013 the Government and the Association of British Insurers (ABI) came to an agreement to develop a not-for-profit scheme in regards to flood prone homes, to allow owners of such homes to be able to buy affordable insurance. Under a scheme called Flood Re, annual premiums will be capped and pay outs for flood damage will come from a central pool of money. The scheme is aimed to cover 350,000 households which the Environment Agency says are at high risk of flooding.

Flood Re will charge member insurance firms an annual £180 million, which will in effect create a levy of £10.50 on all annual household premiums. Flood Re will be up and running by summer 2015 and last at least 20 years and unless your property is in a council tax band H then the flood aspect of your buildings insurance will be capped from 2015.

The Association of British Insurance says the cap will be £210.00 a year for the properties in bands A and B, rising to £540.00 a year in band G. The premiums will go in a central fund and be used to pay out claims to any insurer. In theory, some people could see their costs go down once the cap is in place, however it is important to remember that the cap is only on the flood element of the insurance- if other risk factors change, your premiums could be pushed up by then. Others not included in Flood Re include homes built since 2009 (to avoid incentivising unwise building in flood risk areas), and homes owned by buy-to-let landlords or holiday lets. Leasehold properties are also not included as it is for landlords to ensure the buildings.

Overall Flood Re is just one of the things that the government has committed to do in relation to flooding. In addition they have committed to a specified level of flood defence spending for 2015/16 following the Governments spending back in June 2013. They will also ensure adherence to planning guidelines to avoid developments in areas at high risk of flooding.

So is your property subject to a flood risk?

The difficulty is that even if at first sight the property is not near water like a stream or river, it can still be at risk of flooding. According to the Pitt Review, 50% of the 2007 floods occurred away from EA floodplains, with 60-70% due to surface water flooding. This is because flooding can include surface water or drains flooding in heavy rain which insurers may load up their insurance premiums for or make it difficult for you to insure. Indeed not all insurers cover this flood risk unless pushed.

Recent research undertaken by Landmark Information Group reveals that "...88% of people consider a professional flood report to be an essential ...meaning a greater knowledge of the risks could save you from walking into any unexpected issues when they move home".





The most common types of flooding are:

- Surface water flooding - occurs when heavy rainfall overwhelms the drainage capacity of an area.
- Sewer flooding - occurs when sewers are overwhelmed by heavy rainfall or when they become blocked.
- Groundwater flooding - occurs when underground water levels rise above surface level. This is most likely to occur in low lying areas underlain by permeable rocks.
- River flooding - occurs when a watercourse cannot cope with the water draining into it from the surrounding land.
- Coastal flooding - results from a combination of high tides, low lying land and, sometimes, stormy conditions.

When purchasing a property please remember that Solicitors are not qualified to give advice on flood risk or interpret technical flood reports. However, the Law Society website provides you with information to help you investigate the terms on which buildings insurance cover, including flood risk, is available, prior to their entering into contractual commitments.

Buyers are strongly encouraged to make sure that insurance can be obtained for the property on acceptable terms before entering into a contract.

So do you have to have a flood search? Flood searches have not YET been made compulsory in all cases, however The College of Estate Management published a report ("Waterproof (www.practicallaw.com/3-518-0155)") the report says: "Prudent investors must make full flood risk investigations when acquiring a property that is new to them and where first stage enquiries identify a possible risk!"