Supplementary evidence from Professor David Crichton
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Author of numerous published books and articles on flood insurance.
Founder member of every Flood Liaison and Advice Group in Scotland.
Any comments are personal views

The problem:

Percentage of new building in areas at risk of a 100 year flood.

Year	South East (%)	Yorkshire and Humber (%)	London (%)	Average for England (%)	Total for Scotland and N. Ireland *
2007	5	14	16	8	0
2008	5	14	23	9	0
2009	9	10	21	11	0
2010	5	11	21	9	0

Source: Prof. David Crichton. "Flood Plain Speaking" Chartered Insurance Institute 2012
Figures compiled from Table P251 published by the Department of Communities and Local Government, 2011.
*Scottish figures exclude the county of Moray which still allows flood plain development.
The Welsh Environment Minister has instructed planners to resume flood plain development.
Welsh figures are not available

The consequence:

Huge flood exposure in England and Wales by 2011

100 year return period river, coastal and surface water, excluding dam break.
(Scottish figure for 100 years is negligible so 200 year figure is shown.)

Country	At-risk households (000)	Proportion of existing properties at risk	Proportion of new build in flood hazard areas in 2011*
England	5,200	23.1%	11%
Wales	357	27.9%	Not known
Scotland	109	4.54%	0% after 1995
Northern Ireland	46	5%	0% after 2006

Source: Prof. David Crichton. "Flood Plain Speaking" Chartered Insurance Institute 2012
Compiled by Crichton using data from:
Office for National Statistics, the Environment Agency, DCLG, the Welsh Assembly,
the Scottish Government and the Northern Ireland Rivers Agency.
*Scottish figures exclude the county of Moray which still allows flood plain development.
The Welsh Environment Minister has now instructed planners to resume flood plain development.

The subsidy:

In a Commons written answer on 7th September, Richard Benyon, Secretary of State for Environment, Food and Rural Affairs said:
"Industry figures suggest that the cross-subsidy is around £150 million per year and that on average each high risk household benefits from a £430 (per year) cross-subsidy."
This would imply a total of 350,000 high risk households.
The government's definition of 'high risk' has not been disclosed, but we do have 100 year return period flood figures for England and Wales.
This produces a total of 5.7 million at risk households of which 91% are in England.
Hansard. Written Answers, 7 Sep 2012 : Column 515W
http://www.publications.parliament.uk/pa/cm201213/cmhansrd/cm120907/text/120907w0003.htm
last accessed 10.9.12.

Country	Total households (000)	Households at risk of 100 year river, coastal or surface water flood (000)	Households at risk as % of UK total at risk. (%)	Total subsidy given (£m)	Low risk households paying subsidy (000)	Low risk households as % of UK total low risk. (%)	Subsidy from low risk households by country (£m)	Net gain (loss) for each country (£m)
England	22,520	5,200	91.04	136.56	17,320	81.2	121.8	14.76
Wales	1,280	357	6.25	9.375	923	4.3	6.5	2.875
Scotland	2,410	109	1.91	2.865	2,301	10.8	16.2	(13.335)
N. Ireland	830	46	0.8	1.2	784	3.7	5.5	(4.3)
UK	27,040	5,712	100	150	21,328	100	150	0

Notes:
Assumes the defra figure of £150m annual subsidy is correct. I calculate it is in excess of £200m, based on confidential industry sources.
Assumes the subsidy is distributed in proportion to the distribution of properties at risk of a 100 year return period river, coastal, or surface water flood.
Figures exclude properties at risk of dam break (estimated at a further million properties, 74% of which are in England or Wales).
100 year flood figures for Scottish households are negligible so the 200 year return period flood is shown for Scotland and 100 years for other countries.
Scottish figures exclude Moray.

The References:

1. Crichton, D. 2012. "CII Thinkpiece 73: Is it Possible to Have Sustainable Flood Insurance without Sustainable Flood Risk Management?" Chartered Insurance Institute, London. http://www.cii.co.uk/knowledge/policy-and-public-affairs/articles/cii-thinkpiece-73/18533
2. Crichton, D. 2012. "Flood Plain Speaking" Third Edition. 56pp. Chartered Insurance Institute, London. Open access from 21 August 2012: http://www.cii.co.uk/knowledge/claims/articles/flood-plain-speaking/16686
3. Pryce, Gwilym , Chen, Yu and Galster, George(2011) 'The Impact of Floods on House Prices: An Imperfect Information Approach with Myopia and Amnesia', Housing Studies, 26: 2, 259 — 279
4. John O'Neill and Martin O'Neill 2012, "Social justice and the future of flood insurance" Joseph Rowntree Foundation, York. http://www.jrf.org.uk/publications/social-justice-flood-insurance accessed 18.9.12.

The Crichton Three Point Plan.

A cheap, simple, quick and popular three point plan to limit increases in flood insurance costs in Scotland.

1. To ask the First Minister to write an open letter to the Association of British Insurers and chief executives of each of the major insurance companies to remind them of some of the 42 important ways in which the flood risk in Scotland is lower than in England[1] and asking their underwriters to recognise that the UK is not a homogeneous risk and that Scotland and Ireland should
    a. have their own flood insurance pool, separate from England and Wales.
    b. be exempted from 'bluelining' for any council area which has established, or participates in, a Flood Liaison and Advice Group with insurance representation.

2. To ask the Scottish Government to produce proposals to implement current building standards retrospectively in respect of insurance repairs following flood or storm damage. Scotland already has excellent resilient building standards for new build. Scotland could easily apply current building standards retrospectively to the repairs of any properties damaged by flood or storm. The primary legislation is already there.[2] This would enable and require insurers to adopt a resilient reinstatement policy to adapt existing building stock in Scotland for climate change after a flood or storm claim at no cost to the taxpayer. Insurers have told me they would welcome this if there is the level playing field of legislation.[3] Over time, a more resilient building stock would produce lower flood and storm claims costs despite climate change. It would also reduce the amount of building material going to landfill after a flood or storm and the embedded energy costs of making new building materials. This would reduce emissions and improve Scotland's adaptation to climate change.

3. To ask HM Treasury to seek ways to ensure that any government flood levy collected in Scotland be spent entirely within Scotland to help low income families in flood hazard zones. Ideally to fund Scottish insurance with rent schemes for household contents especially for social housing.

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[1] Table 7 of Crichton, D. 2012. "Flood Plain Speaking" Third Edition. 56pp. Chartered Insurance Institute, London. Open access from 21 August 2012: http://www.cii.co.uk/knowledge/claims/articles/flood-plain-speaking/16686 last accessed 10.9.12.

[2] Dr Phil Cornish, Scottish Executive. Personal communication, August 2002.

[3] Clark, M., Priest, S. J., Treby, E. J., Crichton, D., 2002 "Insurance and UK Floods: a strategic reassessment." A Research Report for the "TSUNAMI" Project, ,University of Southampton, England.