

PE1441/E

Ministear airson na h-Àrainneachd agus Atharrachadh Aimsir
Minister for Environment and Climate Change
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David Stewart
Convener of the Public Petitions Committee
Room T3.40
The Scottish Parliament
Edinburgh
EH99 1SP



28 November 2012

Dear David

PETITION PE1441 ON FLOOD INSURANCE PROBLEMS

Thank you for your letter of 24 October about the above petition which the Committee considered at its meeting on 2 October 2012.

You asked what steps are being taken by the Scottish Government to ensure that Scotland's interests are represented in the discussions between DEFRA and the Association of British Insurers (ABI) about the ending of the statement of principles on flood insurance in June 2013. I can assure the Committee that Scottish Government officials have been engaged in regular discussions with DEFRA and the devolved administrations about how to safeguard the widespread uptake of affordable insurance most recently during a teleconference between UK and devolved administrations on 1 November. My officials have also held their own discussions with the ABI about the differences in flood risk north and south of the border and the impact that might have on any future agreement. In addition, the former Minister for Environment and Climate Change, Stewart Stevenson, met with representatives of both the ABI and BIBA (the British Insurance Brokers Association) to discuss the way forward; and I am planning to meet the ABI in January 2013.

The Scottish Government wants to ensure that any proposed solution is equitable across the UK, and we have made it clear that there are a number of issues around the proposals for an internal industry levy which we believe will require careful consideration in relation to Scotland.

Indeed, we determined that, in order to assess the likely impact of the end of the agreement and to enable effective measures to be put in place to prevent difficulties arising, a better

understanding was required of the vulnerability of different groups in flood risk areas in relation to insurance affordability and resilience to the effects of flooding.

That is why we commissioned the School of the Environment at the University of Dundee to undertake a research project to help inform our thinking. The report findings were useful in identifying the groups that would have particular potential difficulties with meeting the cost of extra insurance, and we have shared the results of the study with DEFRA and the other devolved administrations, the ABI and BIBA as part of our continuing engagement on this issue.

The fact remains that insurance is a reserved matter, and the Scottish Government will continue to work in co-operation with the UK Government and the other devolved administrations to ensure flood insurance remains widely available and affordable.

I hope this response is helpful to the Committee and the petitioner. In the meantime we are working to reduce flood risk across the whole of Scotland through the implementation of the Flood Risk Management (Scotland) Act 2009 and the continued funding of large scale flood protection schemes in communities across Scotland.

The significance of this issue was brought home to me when I met residents of Comrie who faced flooding in August and November this year and I undertook to keep Parliament informed of progress on UK wide efforts on securing agreement on cover for areas at risk of flooding.

Kind regards

PAUL WHEELHOUSE