



Dear Sir/Madam

1 July 2015

FLOOD INSURANCE

We are writing to confirm that revised draft Statutory Instruments for the Flood Reinsurance Scheme¹ ("Flood Re Scheme") were laid before Parliament today. The draft Regulations set out how the Scheme will be administered and funded and how the Flood Re Scheme and the Administrator will be designated.

Subject to Parliamentary agreement, these draft Regulations will ensure that flood insurance continues to be widely available and affordable for domestic properties in areas of high flood risk. They will do so without placing unsustainable costs on those living at low flood risk or the wider taxpayer.

Flood Re is a very complex industry-led project which has required close co-operation between the Government and the insurance industry. The laying of these draft Regulations is an important step towards the implementation of the Flood Re Scheme.

We are delighted that Flood Re has now been established. It has:

- Been registered as a company;
- Its Chair, Chief Executive, Board and senior leadership in place;
- A Reinsurance Broker and Managing Agent (responsible for the day to day operations) in place;
- Received State Aid clearance;
- Received three transfers of domestic property tax (Council Tax) data; and
- Nearly completed the development of its systems and processes.

Flood Re is about to move into its integration and testing phase. The insurers, brokers, comparison websites and software houses will need to work with Flood Re's Managing Agent to adapt and test systems.

Flood Re will also need to be granted authority to operate as a reinsurer by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA). The application for

¹ These draft Statutory Instruments supersede the drafts of the same title which were laid before Parliament on the 19 March 2015. Minor technical amendments have been made.

this authorisation was made on 3 June 2015. Whilst it will be a matter for Flood Re itself (along with the PRA and FCA), to determine when it is in a position to offer cover, this is expected to be in April 2016.

The Statement of Principles between Government and insurance industry ensures that households will still be able to access home insurance until the Scheme is up and running.

Flood Insurance Team
Defra

