



# Flood risk in the UK – now, and in the future

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## ‘Ask the experts’ Q&A



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**Q** I was told that FloodRe is designed only to be in existence for 25 years. Is that something you are able to confirm?

**A** Flood Re is planned to be in place until 2039, and after this date the intention currently is that there will be a free market for flood risk insurance.

**Q** Parametric and flood excess cover can be purchased in the UK but serves to confuse clients where insurers have such differing approaches.

**A** Parametric insurance is a type of insurance contract that insures a policy holder against a specific event e.g. flood or X amount of rainfall within X hours, and then pays a pre-set amount based on the magnitude of the event, as opposed to the more traditional approach of quantum of the losses based on an indemnity policy. Such types of insurance can either be used for flood inflill or where no coverage is available.

**Q** How confident are you that the Environment Agency will work with the industry to help mitigate the worst of the future flooding challenges?

**A** The ABI & insurers have been engaged with the Environment Agency for many years with representation on strategic working groups. The work of the EA will always be restricted by funding available from central government.

**Q** How much notice do your mapping systems take of the flood prevention measures which have been put in place since the last major flood in an area?

**A** We continually review and update our geospatial flood assessment tools as data becomes available with manual overlays as well as automatic updates applied.

**Q** Following the flood prevention measures question, how do we (or the mapping systems) keep track of any flood defences being maintained and regularly updated?

**A** The industry relies on regular automated updates however, at AXA we have our own in-house team of Business Resilience Managers who provide localised intelligence on flood defences.

**Q** Do you think Flood Re will ever be extended beyond residential properties?

**A** Our view is that it is unlikely.

**Q** Can AXA provide support towards flood parametric cover, if they cannot provide flood cover themselves?

**A** AXA UK currently do not offer this type of policy.

**Q** Why do flood models used by insurers vary so greatly from the public flood mapping used by the Environment Agency? AXA & others NQ when the EA site say are OK.

**A** Each of the major insurers have their own geospatial systems that are aligned to their own flood strategy. Insurer flood systems do incorporate numerous layers of data which are purchased from third parties or developed in-house.

**Q** What additional support can AXA commercial provide to businesses where they want to protect against flood?

**A** AXA can provide additional support by engaging with our Business Resilience team who can provide additional insight as well as assisting to design flood protections and resilience for specific customer locations.