

APPG Flooding and Flooded Communities

2nd February 2026

Room O, Portcullis House, Westminster

3.30pm to 4.30pm

Topic – end of FloodRe 2039

Chair: Helen Morgan MP, APPG Chair (standing down at AGM)

In attendance:

- Tracey Garrett (TG), Chief Executive, National Flood Forum (NFF)
- Mark Shepherd (MS), Assistant Director, Head of General Insurance Policy, Association of British Insurers (ABI)
- Shaune Worrall (SW), Deputy Head of General Insurance, British Insurance Brokers' Association (BIBA)
- Jonathan Kassian (JK), Head of Research, Flood Re

1. Overview: Insurance Landscape and Flood Re

Tracey Garrett (National Flood Forum) provided an overview of the insurance market before and after the creation of Flood Re and the implications of the scheme ending in 2039 and what impact Flood Re's inception had on those that flooded.

Before Flood Re was introduced, households in high flood risk areas were trapped in extremely difficult circumstances. Insurance was either unavailable or came with unaffordable premiums and excesses, leaving families anxious about how they would repair or rebuild after flooding.

The consequences extended beyond insurance: mortgages could be hard to secure, properties were difficult to sell, and house prices fell. Many felt stranded in homes they had worked their entire lives to afford, fearing they would have nothing to pass on to their children.

Flood Re changed this by making flood insurance accessible and affordable, restoring market confidence and stability. Families who had faced crippling excesses, such as one homeowner whose £40,000 excess fell to £250 after 2016, were able to remain insured, stay in their homes, and eventually sell if they chose. For many thousands, the scheme has been a genuine lifeline.

However, that lifeline is temporary and incomplete. Flood Re is due to end in 2039, and with climate change increasing the frequency and severity of flooding, there is growing

fear of a return to unaffordable premiums and excesses. Mortgages taken out today will run beyond the scheme's lifetime, and without affordable insurance, homeowners risk losing not just cover but their homes.

Significant exclusions are already causing harm: properties built after 2009, many London flats with more than three units, and small businesses are left without viable options. As development accelerates, this problem will intensify. Without clarity and reform towards a continuation of Flood Re communities face renewed insecurity, inequality and long-term financial distress, undoing all the good work that has been done.

Key concerns raised:

- Without a clear successor to Flood Re, there is a risk of reverting to a fully risk-reflective market similar to pre-2016, with significant affordability and availability issues for households.
- The experience of those that flooded pre-FloodRe and the issues that were faced, along with what FloodRe means now to those who are able to access more affordable insurance.
- There are several exemptions from the current FloodRe scheme that impact communities these include exclusion of small businesses, buildings with more than three dwellings and those in homes built after 2009.

A question was posed to Members on how Parliament can support the development of a sustainable post-2039 flood insurance model.

2. ABI Perspective

Mark Shepherd (ABI) outlined the insurance industry's position:

- Engagement with government is underway but at an early stage.
- Flood risk impacts are uneven across the UK, requiring practical and locally sensitive solutions.
- Flood Re has been effective but is under increasing strain due to climate change, rising exposure, and an increasing number of properties being ceded into the scheme.

Key issues highlighted:

- Whether the current cross-subsidy model remains appropriate and fair.
- How to ensure the scheme is efficient, offers value for money, and remains sustainable in the face of increasing risk.

- Whether Flood Re should continue to be funded solely by the insurance industry or supported by government or other sectors (e.g. banking).
- How prevention and property flood resilience (PFR) can be incentivised and embedded at scale.

Suggested next steps:

- Commissioning an independent review.
- Exploring alternative funding models.
- Consulting with flood-affected households and wider stakeholders.
- Reviewing eligibility criteria and long-term capital sustainability.

Concerns were expressed that Flood Re may not be able to transition to a risk-reflective market by 2039, increasing the risk of market failure.

3. BIBA Perspective

Shaun Worrall (BIBA) spoke on behalf of regulated insurance brokers across the UK:

- Brokers support hundreds of thousands of customers each year in accessing insurance.
- BIBA's Flood Insurance Directory has received over 1,000 enquiries per month.

Key points raised:

- Planning for the end of Flood Re needs to accelerate.
- Clear direction and leadership from government and stakeholders is urgently required
- Existing tools (planning controls, PFR, flood risk mapping) are not being consistently monitored or enforced.
- Significant numbers of homes continue to be built in flood-risk areas despite objections from statutory bodies.

Additional issues:

- Surface water flooding driven by urbanisation and climate change is increasing.
- Resilience is not being systematically embedded in new developments.

3. BIBA Perspective

Shaune Worrall (BIBA) outlined the position from the Brokers perspective:

BIBA proposals included:

- Acceleration of a Flood Ready Action Plan to improve take up of PFR and Build Back Better.
- Considering flood cover as standard in household insurance policies.
- Exploring parametric insurance and other complementary models.
- Examining how communities and LA's interact with insurance looking at different models such as mutual insurance.

SMEs:

- Flooding has a disproportionate impact on small businesses, with many not reopening after flood events.
- There may be a perception among SMEs that flood insurance is unavailable, reducing uptake.
- Consideration should be given to whether SMEs could be brought into scope of future schemes.

4. Flood Re Update

Jonathan Kassian (Flood Re) provided an update:

- Home insurance should include flood cover as standard unless explicitly declined by the customer.
- Flood Re's statutory role is to manage the current scheme and transition towards a functioning market by 2039.
- Flood risk is increasing internationally.

Key developments:

- Proposal for Flood Performance Certificates to track and incentivise resilience measures.
 - Focus on repeat-flooded properties, where average claims are particularly high.
 - Property flood resilience is viewed as a cost-effective intervention.
 - Flood Re has experienced significant growth in "schemes of last resort" in recent years.
-

5. Members' Questions and Discussion

Members raised the following points and questions:

- Whether developers should be required to contribute financially to flood risk management or insurance schemes when building in flood-risk areas, creating stronger accountability for build quality and location.
- Concerns about flooding caused by changes outside household control, including historic planning permissions and infrastructure works upstream, leading to first-time flooding in long-established communities.
- Questions about how Flood Re applies to properties affected by wider catchment or infrastructure changes rather than defects in the property itself.
- Criticism of development practices that protect new builds while displacing flood risk onto neighbouring areas, and whether developers should bear the cost of sustainable land and drainage design.
- Questions about the effectiveness of Sustainable Drainage Systems (SuDS) in practice, and the lack of monitoring and enforcement.
- Concerns about local authorities lacking resources to enforce flood-risk and drainage conditions.
- Anxiety about the prospect of no replacement scheme after 2039 and the need for government clarity.

Responses from ABI and Flood Re discussed:

- Properties newly affected by flooding due to external changes should be eligible for Flood Re.
- Increasing numbers of such properties are being ceded into the scheme, adding to overall exposure.
- Planning enforcement remains a critical weakness in the current system.
- Government engagement is ongoing, though long-term funding and cross-subsidy levels remain uncertain.

6. Planning, Infrastructure and Government Engagement

Key themes included:

- Existing planning and flood-risk frameworks are not being enforced consistently.
- Schedule 3 of the Flood and Water Management Act remains unimplemented.

- Local authorities are under-resourced to monitor SuDS and planning conditions.
 - Any future scheme must account for increasing flood frequency and severity.
-

7. AGM Matters

- The Chair Helen Morgan MP confirmed she is standing down.
 - A new Chair, Tessa Munt MP was proposed and elected.
 - Officers were proposed and elected.
 - The National Flood Forum confirmed £10,000 of in-kind support.
-

8. Agreed Actions from the Meeting

1. Write to government urging the development of a clear plan for post-2039 flood insurance and invite the flooding minister to a future meeting.
2. Invite Flood Re to return in June/July to continue discussions on insurance and next steps.
3. The Water Reform White Paper has been published. All members to review and submit responses if appropriate. Link to be sent out.
4. Environmental Audit Committee report link to be sent out.
5. Liaise on future meeting dates.
6. Invite George Freeman MP from the Flood and Drought APPG to look at commonalities and cross working.
7. Seek engagement with major developers and industry bodies.
8. Agreement for a photograph of the meeting to be taken.