

IN 2011 THE INSURANCE INDUSTRY RECOMMENDED THE CONCEPT OF **FLOOD RE** AS A LONG TERM INSURANCE SOLUTION FOR HOUSEOWNERS IN AREAS AT RISK OF FLOODING. IN INSURANCE TERMS FLOOD RE IS A REINSURANCE VEHICLE.

THE FLOOD RE SCHEME WILL BE A NOT-FOR-PROFIT REINSURANCE FUND, OWNED AND MANAGED BY THE INSURANCE INDUSTRY, AIMED AT PROVIDING INSURANCE COVER FOR THE FLOOD ELEMENT OF A HOUSEHOLD POLICY, AT AN AFFORDABLE RATE.

(REINSURANCE IS A WAY FOR INSURERS THEMSELVES TO INSURE AGAINST LARGE SCALE LOSSES WITH OTHER INSURERS).

IT IS A **COMPLEX** PROCESS AND THE COMMENCEMENT DATE HAS MOVED ON A FEW OCCASSIONS, CURENTLY DUE TO ACCEPT ITS FIRST POLICY IN APRIL 2016.

**THE FLOOD RE TEAM IS IN PLACE FOR SOME TIME. BOTH A MANAGING GENERAL AGENT AND A REINSURANCE BROKER HAVE BEEN APPOINTED AND VERY SIGNIFICANT REINSURANCE COVERS OF 2.1BN. STERLING IS BEING PURCHASED.**

THE INSURANCE INDUSTRY PUT UP THE FIRST €10M TO GET THE SCHEME STARTED. WHEN A HOUSEHOLD POLICY IS SOLD BY AN INSURANCE COMPANY THE FLOOD ELEMENT OF THE PREMIUM (AND THE FLOOD RISK) ARE TRANSFERRED TO FLOOD RE. A LEVY OF 2.2% IS BEING APPLIED TO THE INSURANCE INDUSTRY AS A FURTHER MEANS OF FUNDING.

THE SCHEME WILL EXTEND TO PRIVATE HOUSES BUILT PRIOR TO 2009 (TO STOP BUILDING ON FLOOD PLAINS) AND EXCLUDES RENTED HOMES.

CUSTOMERS WHO ARE FLOODED WILL CLAIM AGAINST THEIR HOUSEHOLD INSURER WHO WILL RECOUP THE FLOOD SETTLEMENT FROM FLOOD RE (REINURANCE COMPANIES AND INSURANCE COMPANIES UTILISE A VARIETY OF AGREEMENTS OR TREATIES TO REFLECT HOW AND WHEN THEY SETTLE WITH ONE ANOTHER).

I REITERATE, IT IS A COMPLEX PROCESS THAT IS PROVING DIFFICULT TO SET UP AND MY COMMENTS HEREIN MUST BE VIEWED AS A SUMMARY ONLY.

E R DOWNEY DECEMBER 2015. CORK.