



# The FloodFlash Autumn Digest 2022

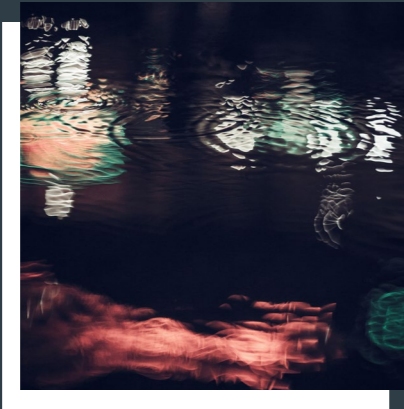
 FloodFlash

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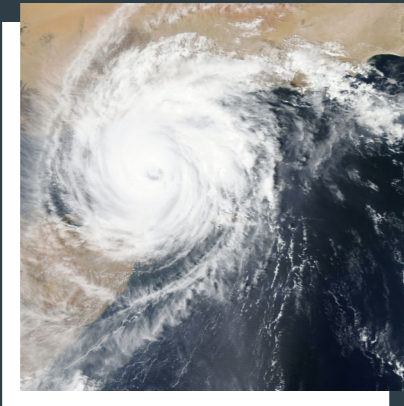
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## Foreword from the CEO

2022 has been huge for FloodFlash so far. Severe flooding in February gave us a chance to show off our award winning claims once more. We paid one client in 5 hours and 36 minutes, showing the power that parametric insurance has to help clients recover.

Later in spring we welcomed endorsement from both Conservative and Labour MPs. Emma Hardy, MP for Hull West and Hessle, wrote the foreword to our 2022 Risk Report, saying the insights were "welcome and needed" to help those at risk of catastrophic flooding.

As summer draws to a close, we reflect on the new records we have set for the number of businesses that we protect and massive advances in our broker support with the launch of our smart quote service.

Our growth this year is testament to the hard work of our brokers and partners. Thank you, as always, for your dedication, drive and support.



Adam Rimmer,  
CEO and co-founder





Written by  
**Brent Jackson,**  
Commercial Director

# Rising tithes

## Dealing with premium increases

We've witnessed dramatic changes in commercial property premiums. Here we explore what is driving the change for flood coverage and what you can do when quotes come in higher than expected.

### Why do premium increases happen?

Premium loading is a broad term that indicates price increases based on various factors. Life and health insurance plans provide good examples. When the health status of the policyholder changes the insurer adjusts the price to reflect the risk factors (see over).

Insurers' view of flood risk is based on many factors. Climate change, urbanisation and changing weather patterns all contribute to flood models which change and evolve over time. As the models change - prices go up and down accordingly. Recent Met Office data has consistently indicated the increasing frequency of extreme weather - which is factored into flood premiums.

Even if a property's flood risk is not judged to have changed, premiums can still increase. Increases in the sum insured can result in changes to the rating calculation. This might be the result of clients acquiring high value equipment or increases in the business interruption values needed.

### Current factors affecting commercial premiums

The main reason we have observed for flood premium increases this year is the increase in rebuild costs. The Royal Institute of Chartered Surveyors suggest that material costs may increase as much as 17.6% this year. Insurers need to consider these rising costs, as they will result in far higher claim values.

### Premium loading in action:

The average person will pay around £1500 per year for a health insurance policy in the UK. If they suffer a stroke, a heart issue, or need another major surgery, they may see their premium rocket to a far higher figure the next year. This is because they are likely more at risk from needing other surgeries in the future, meaning the insurer would have to pay out a higher claim than average.

### Signs that client flood premiums are high

If your clients are facing rapidly increasing premiums, then they may be experiencing premium loading. Brokers we speak to also observe rising excesses and a decreasing number of insurers willing to quote on the risk. Often it's a combination of factors that indicate premium loading.

### How FloodFlash can help

It can be useful to ask the underwriter what the price would be without flood. Some may refuse unless there is a guarantee of flood cover in place - that's where FloodFlash comes in. Due to the simplicity of parametric insurance, a FloodFlash policy is often cheaper than a loaded premium from the primary

insurer. Using FloodFlash to fill the exposure can save clients thousands of pounds.

### Case Study: Residential management company in Reading

After a rebuild cost assessment prompted significant increases in their sums insured, a Reading-based residential management company was facing unaffordable premiums. With only one broker willing to provide cover including flood, the broker considered the cost of cover excluding flood. They had never flooded before, but due to their proximity to a major river, they were at risk from river flooding. Excluding flood, the premium fell significantly, with more insurers offering terms. However, the management

company still wanted to have protection in the event of a flood. FloodFlash proved the perfect fit.

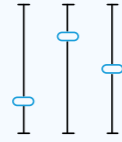
Traditional flood insurance considers the complete sums insured, meaning when the sums insured rise, the premium will rise too. However, this doesn't consider the reality of how a flood may impact a property. In this case, the group of properties had no accommodation on the ground floor and had a step leading to the entrance. The company considered the cover they would need at different scales of flooding, from replacing the carpets in the entrance hall to providing alternative accommodation to their residents. They landed on cover that they were happy with and saved over 30% on their total premium. **E**





Written by  
**Mital Chothani**,  
Product Manager

Smart quote by  
the numbers.



**5,000**  
possible  
combinations



**20,000+**  
insights  
delivered



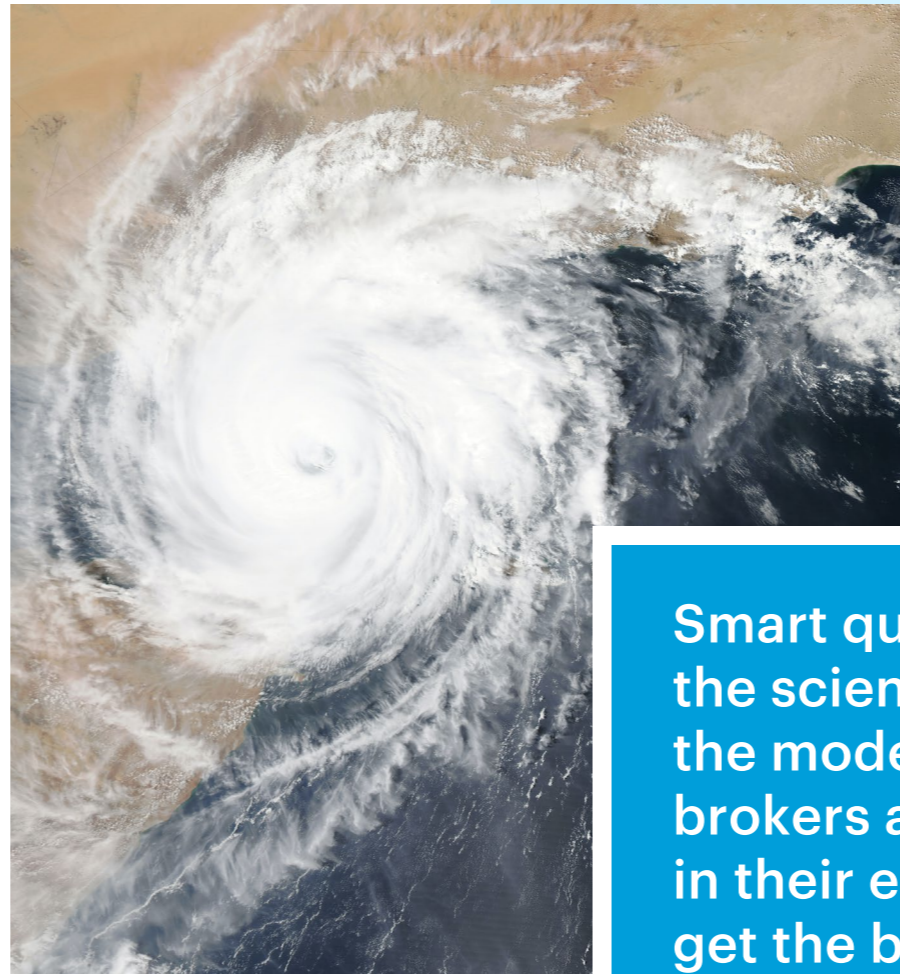
**1x**  
GWP record  
smashed

## Trigger happy

### How FloodFlash smart quote is helping brokers across the UK

Smart quote is our answer to the question: what if clients don't know what triggers to pick? Launched in June this year, it has helped countless brokers and their clients make the most of our award-winning insurance.

For the uninitiated, smart quote is a portal feature exclusive to brokers. When brokers submit a quote, the portal processes the data. Smart quote produces a suggested trigger setup and bespoke insights for every single client. It's our secret weapon that brokers can use to guide clients setting their cover for the first time.



**Smart quote uses the science behind the models to give brokers a head-start in their efforts to get the best cover for their clients.**

Henry Bellwood,  
Data Scientist

### What brokers are saying

This is the first time anyone has provided bespoke insights to support mass market uptake of parametric insurance. FloodFlash brokers now have the power of our modelling data at their fingertips. Here's what they are saying:

*"I like the recommendation and insights. I found it very useful for understanding the risk and for talking to the client." - S*

*"Less labour intensive than other portals out there." - C*

*"Love it!" - J*

*"The insights are very helpful and the portal is easy to use." - M*

### The future of smart quote

The best thing about smart quote is that it will only get smarter. Over time machine-learning and AI capabilities will help smart quote learn about real business needs and translate them into more accurate calculations for brokers and their clients.

We always encourage brokers to tweak the cover to suit their clients, but there may be a time in the future where FloodFlash can generate the exact policy that a client needs based on their potential losses. In other words, this is only the beginning.

If you're a FloodFlash broker you can access smart quote through the FloodFlash broker portal. Not signed up to provide our award-winning cover? Email [brokers@floodflash.co](mailto:brokers@floodflash.co) today. [E](#)



Written by  
**Chris Hall**,  
Head of Marketing

# 2022 Commercial Risk Report

## Key findings from our landmark report

Every February we release the Commercial Flood Risk Report. This year was the biggest yet. Here's a sneak peak of the highlights. Get in touch with [brokers@floodflash.co](mailto:brokers@floodflash.co) to request your copy of the report.



Download the full report

Over a quarter of commercial properties in Britain have at least a low flood risk.

Total properties  
**1,642,258 (100%)**

Low risk  
**436,447 (26.6%)**

Moderate risk  
**297,226 (18.1%)**

Significant risk  
**236,121 (14.4%)**

Knowing your risk: 8% of businesses surveyed think they are at significant risk. FloodFlash data suggests the real figure is 14%.

### The underinsurance problem

80% of the world's catastrophic flood losses aren't insured. That's \$58bn of uncovered damage, and it's getting bigger each year due to climate change, population growth, and urbanisation.

In Britain, over 436,000 commercial properties in Britain have at least a low flood risk. That's over a quarter (27%) of all commercial properties. It's bad news for business owners as commercial properties are 2x more likely to be at risk from flooding compared to the average property in Britain.

The good news is that businesses are generally aware of and engaged with their

flood risk. Of the businesses we surveyed, only 8% claimed to have no measures to mitigate flooding.

However, one of the most worrying aspects of the report came from the lessons on flood insurance availability.

Over half of businesses agreed with the statement 'flood cover is hard to come

by'. Brokers we work with are reporting that flood is being excluded from main policies more and more. When flood is included, excesses and premium rises can leave clients with unaffordable cover. >

Risk level	Businesses surveyed	Flood modelling data
Significant	<b>8%</b>	<b>14%</b>
Moderate	<b>41%</b>	<b>4%</b>
Low	<b>35%</b>	<b>9%</b>
None	<b>15%</b>	<b>73%</b>





## The issues with acquiring flood cover

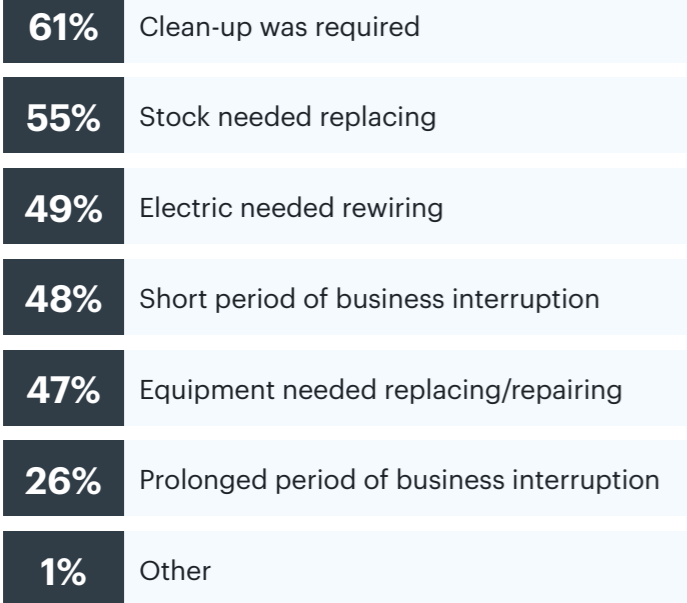
The report revealed that 13% of the businesses we surveyed don't have comprehensive flood insurance. Lack of cover isn't the only thing that threatens business survival. In fact, according to Business in the Community 40% of SMEs close for good after catastrophic loss from flooding. Two key reasons for this statistic are the length of time that most traditional claims take, and the lack of business interruption cover.

Most flood claims take months. By the time a business receives their claim payment, they will often have had to pay for clean-up and stock replacement, equipment and business interruption. For many small businesses, this is simply not possible.

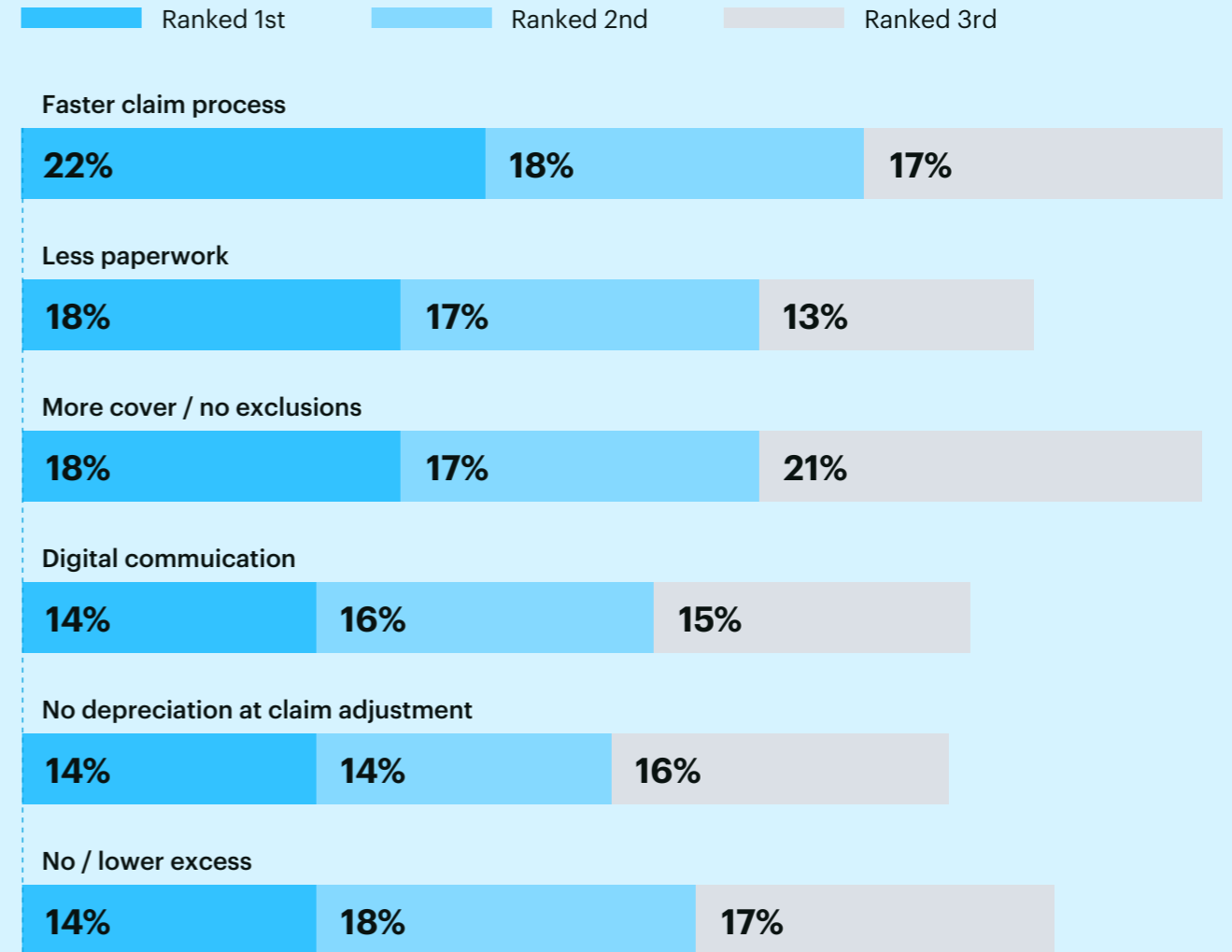
Most flood insurance is based on the principle of indemnification. Reimbursement typically aims to restore conditions to the way that they were before. Accounting for business

interruption can be difficult, and our broker success team has reported an increase in business interruption exclusions. However, nearly half of the businesses surveyed reported at least a short period of business interruption.

When covers that a client needs aren't available through the typical routes, knowing the alternative risk transfer solutions like FloodFlash that are available helps brokers secure cover that better suits customer needs. >



We asked businesses the impact that flooding had on their business. Reminder: a FloodFlash policy can be used to cover any costs caused due to flooding.



We asked businesses what they want from their flood insurance. Speed and simplicity top the list.

### The technology-based solution

While there are some tech-sceptics, 8 in 10 of those surveyed would use more technology if it reduced the premium. 75% would use technology if it made the product better. Great news for FloodFlash fans and news that will fuel for efforts as

we hope to use our unique parametric insurance to protect more of the businesses represented in our report.

Keep an eye out for the next edition in February 2023. [E](#)





Written by  
**Ola Jacob Raji,**  
Broker Success Manager

# Excel at excess infill

## How to use our flexible excess service

Brokers across the country use FloodFlash when flood exclusions are placed on a policy. Some have used FloodFlash to help clients save on premiums (see page 4). Despite the growing popularity of our smart commercial flood cover, many brokers don't know that FloodFlash is available as excess cover. In fact, in many cases it is the best option.

Despite low knowledge, excess infill policies represent roughly 20% of all FloodFlash policies sold. Here's how FloodFlash excess service measures up vs. traditional excess infill products.



	Traditional excess infill	FloodFlash
Cover limit	Set to excess	Client's choice
Claim trigger	Based on individual policy terms	Client's choice of flood depth
Available to commercial properties & landlords	✓	✓
Available to homeowners	✓	✗
Claim independent of main policy	✗	✓
Smart sensor	✗	✓
Rapid-payout claims	✗	✓

FloodFlash excess infill policies behave in the same way as regular FloodFlash policies. That means that clients don't need to claim on the main policy to receive their FloodFlash payout. They also benefit from a rapid payout. This can be helpful to deal with the immediate costs of flooding such as clean-up or finding alternative premises whilst the client waits for the main claim payment to come.

A final (and perhaps the biggest) advantage of FloodFlash compared to traditional excess products is the flexibility. Clients can set their payout in any multiple of £5,000. This means that if you want to see what premiums look like with a higher excess, we can support you in partnership with the main insurer.

In some cases, increasing the excess and covering the difference with FloodFlash can lead to a significant saving.

Whether you've been using FloodFlash for your client's excesses for a while, or you're about to try – email [brokers@floodflash.co](mailto:brokers@floodflash.co) and we'll take you through it step by step.





Written by  
**Brent Jackson,**  
Commercial Director

## Your expert support team

It's been a busy year so far! After a largely virtual two years in the industry, we have loved the return to conferences and meeting brokers in person.

We've exhibited at events, spoken at conferences, won awards, and taken our sensor across the pond to the US. A proud achievement was winning the 'best customer experience in a crisis' from Modern Insurance Magazine.

The Broker Success Team work hard to ensure brokers have hands-on support whenever it's needed. As more and more insurers increase premiums, raise excesses, or exclude flooding altogether, we've grown the team so that we can continue to provide the high level of customer service our brokers deserve. Our two new additions are both from broking backgrounds. Be sure to give Justine and Joel a big welcome when you meet them.



**Justine Tanomjit,**  
Broker Success Executive  
[justine@floodflash.co](mailto:justine@floodflash.co)

Looking forward to:  
**Watching FloodFlash continue to grow and help more clients find flood cover.**

Background:  
**Account Handler at Towergate**

Best moment so far:  
**Meeting brokers at BIBA**

Joined FloodFlash:  
**19th April**



**Joel Malkin,**  
Broker Success Executive  
[joel@floodflash.co](mailto:joel@floodflash.co)

Looking forward to:  
**Training new brokers on how FloodFlash can help them and their clients.**

Background:  
**Account Handler at Gallagher**

Best moment so far:  
**Meeting the FloodFlash family**

Joined FloodFlash:  
**16th August**

They join the rest of our fantastic broker success team:



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**Ollie Fielding,**  
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Thanks for taking the time to read our Autumn digest. For more detail on the topics covered or to suggest future content get in touch with your BST representative. Not sure who that is or new to FloodFlash? Contact [brokers@floodflash.co](mailto:brokers@floodflash.co) and we'll get back to you. 📧





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