B05.2

Quantifying flood risk for insurance purposes

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Overview

Norwich Union Insurance is the largest general insurer in the UK. The storms and wet weather in the autumn and winter of 2000 resulted in the worst non-coastal flood events to hit the UK for over 200 years. The resulting damage cost Norwich Union Insurance (NUI) £200 million.

Currently household flood premiums are based on elevation data, which is accurate to +/-10m. However, recent flooding has shown that as little as 0.5m can determine whether a property will flood or not. Therefore, the currently available flood data is insufficient for insurance purposes.

Norwich Union has invested in a pioneering project to rectify the current situation. The purpose of this project is to increase the understanding of flood risk in the UK. This information will enable NUI to set more appropriate premiums and reduce claims losses in the future. This is a two-phase project;

1. Radar data collection and production of a Digital Elevation Model (DEM) for the UK.
2. Combining the DEM with flood modelling software to determine which areas flood and to what severity and frequency.

After briefly introducing Norwich Union, the presentation will cover the following topics:

- Flooding as an issue.
- Norwich Union's digital flood mapping project – the data, methodology and a case study of results.
- The future of GIS in Norwich Union.