

Insurance Policy Section
Department of Finance
Government Buildings
Upper Merrion Street
Dublin 2
D02 R583

15 October 2019

Re: Public Consultation on Climate Change and Insurance in the context of the 'Climate Action Plan 2019 to Tackle Climate Breakdown'.

To Whom It Concerns,

Cork Chamber is the leading business organisation in Cork, proactively working to identify and progress developments that are facilitative of economic and sustainable growth. Representing an employer base of close to 1,200 businesses and over 100,000 employees across the region, Cork Chamber is the largest business organisation in the southern region.

In representing the views of business, Cork Chamber lends our strong support to the accelerated development of robust and proactive actions, and infrastructure investments to respond to the threat of, and mitigate against the destructive impacts of flood events on businesses and homeowners. Cork Chamber acknowledges the work to date in relation to the completion and initiation of flood relief projects in locations across the country, while highlighting the criticality of planned projects such as the Lower Lee Flood Relief Scheme for the resilience of Cork City. In respect of Climate Change, resilience building is ever more a necessary undertaking and a prudent approach to negating economic loss and to ensuring the sustainability of communities and safety of citizens.

Consultation Questions:

Q.1) Resilience building is particularly urgent for communities in vulnerable, low lying fluvial, pluvial and coastal flood prone locations. Over the last two decades, Cork has incurred an estimated €150m in damages from the 2004, 2009 and 2014 flood events, with associated uncertainty and difficulties for businesses and homeowners to secure insurance. This is of grave ongoing concern to the Cork business community and an issue that needs direct and urgent attention.

Q.2) Cork Chamber agrees that the management of flood risk is the most practical way of increasing insurability and that this should be achieved through the continued capital investment via the OPW in flood defence works, both manmade and natural defences through for example natural infrastructure as wetland reinstatement and designated flood plains.

Q.14) Cork Chamber supports Option 2 to expand on the existing approach. Though strengthened to align insurability with the completion of defence schemes to international standards whether permanent structures, or demountable defences.

- Government address the insurance industries reticence for insuring properties where demountable defences have been applied, and where if insurance is secured, this insurance premium might be excessively loaded in some cases. The efficacy of demountable defences is proven and as such should be considered as effective as permanent defence structures e.g. issues persist with the availability of insurance in Fermoy where the scheme was completed in 2014.
- To address any heightened insurance risk in an area, insurers should account for their risk exposure in line with EU Solvency II directive.

Q.21) Government should consider the merits of incentivising proactive individual flood resistance measures and flood resilience measures such as those applied via the Individual Property Protection in the UK. Such measures should be formally recognised by insurance providers and be considered as part of risk assessments. The individual protection works will be independently audited, with a framework in place to achieve international standards in design and construction. Measures such as automatic flood doors, air brick cover/ self-closing Air Brick, non-return valves, water resistant wall plaster, tiled flooring as opposed to timber flooring, raised electrical sockets etc to minimise damage. We believe there is merit in this approach if there was independent oversight by a third party and we encourage Government engagement with this model thereby ensuring a top-down Government/ OPW response while also supporting bottom-up individual and community led actions.

Q.22) In relation to the use of current data by insurance providers. While we recognise the initiation in 2015 of a Memorandum of Understanding (MOU) between the OPW and Insurance Ireland to aide data sharing, we highlight the need for an independent overseer to verify and ensure that where a reduced risk of flooding has been achieved due to the completion of flood protection works to an international defence standard by the OPW, that this data is acted upon in a timely manner to improve the insurability, and affordability of insurance of businesses and homeowners in affected areas. We suggest the Central Bank as the most appropriate overseer to the application of this data, with the initiation of scheduled audits to encourage the responsiveness of Insurance Ireland to improvement in affected flood prone areas.

As the data held by Insurance Ireland refers only to those properties that hold insurance, there is a subsequent blind-spot on those businesses and homeowners that have been refused insurance or reinsurance, we recommend the independent collection of data to feed into this MOU as a third party, thereby ensuring the accuracy and robustness of any data sharing

platform. If we are to meaningfully address this issue and expediate a resolution, a strengthened platform for gathering baseline data across a range of parameters and data sets that is inclusive to a range of situations must be adopted, continuously updated, maintained and applied as part of our national approach.

We highlight the afore mentioned point in relation to third party oversight of the data sharing and application to ensure its application on a consistent basis.

- Baseline data should be gathered to capture the number of businesses/ homeowners being refused cover; the reasons for refusing cover; where there are defences why is cover being refused.
- Region/ town/ townland data should be available to accurately review the insurance availability, non-availability state of play in specific locations, and with information to outline concerns.

Cork Chamber believes the development of a data platform to be used by public, government and private companies to aid the understanding of flood risk and resilience, and agree with its value for increasing transparency, and underpinning objective data-based analysis for assessing against flood risk. Cork Chamber believes that such a data platform will be an asset to insurance providers in making accurate assessments.

Q.24) The question of insurability must take account of flood defence structures, and the specific topography location of the property in question. Furthermore, there is a need for transparent and micro level information per region to identify whether flood insurance cover has been provided and an assessment un-insurability rationale. The issue of flood cover affects property owners, farmers and small businesses who due to inability to gain flood insurance are unable to secure loans, raise mortgages, or sell property, as well as being a deterrent to commercial activity.

Cork Chamber highlights the innovative nature and the strong entrepreneurial composition of the business community. Support for innovation and new thinking will be key to accelerating a resolution to these issues for businesses/ homeowners. The encouragement of innovation will be essential in adopting a flexible, agile and proactive response and to pre-empt economic and societal impacts from flood events. Referring to the examples within the consultation document, the development of InsurTech innovations were instrumental in preparing for potential flood events in the Paris scenario. Moreover, the initiation of home adaptation audits as were initiated in Canada would align with the initiation of individual flood resistance and resilience measures as discussed in answer to question 21.

Finally, budget allocation to facilitate necessary flood defence infrastructure, technology investments and support for flood resistance and resilience measures is a necessity to protect socio economic growth and activity as the effects of climate change become increasingly apparent, and Cork Chamber recognises the high priority of this funding in the overall context of climate adaptation and future economic, environmental and social resilience.

Finally, Cork Chamber as a representative of the voice of business welcomes the opportunity to engage on this topic. We emphasise the value of public consultation and welcome future opportunities to engage on this and associated topics.

Yours Sincerely,

A handwritten signature in blue ink that reads "Michelle O'Sullivan".

Michelle O'Sullivan
Senior Public Affairs Executive
Cork Chamber