

## Flooded With Claims: Insurance companies feel the strain

A recent report from Datamonitor has recorded the plight of UK household insurers, which it claims have incurred more than £300 million in losses following the terrible floods last summer. This compares with profits of £167 million in 2006. However, with damage from the June and July floods setting household insurers back approximately £3 billion, total costs for the year – including theft, fire and subsidence claims – are said to have passed the £4 billion mark.

"The summer floods of 2007 will hit UK insurers hard, leaving them with an estimated loss of over £300 million on their combined household accounts," says Mahreen Hussein, financial services analyst at Datamonitor.

However, while the report highlights the financial losses of the home insurance providers, victims of the summer floods have been left to count the cost of the devastation wreaked by the freak storms; as thousands of residents sustained extensive damage to their homes, lost cherished - sometimes irreplaceable - contents and were forced into 'temporary' accommodation, often for an extended period of time.

While the report indicates that household insurers will return to profitability in 2008, these homeowners will remember the impact of the torrents for a long time to come.

But, while those with comprehensive home insurance policies will have been recompensed for damage to their property and household contents, no amount of compensation can recompense for lost items of sentimental value, and those without any form of home insurance policy have found themselves severely punished, with little or no means to replace what has been lost.

Approximately five million UK households are at risk from flooding, and new housing planned by the Government is likely to increase this number as many new homes are set to be built on flood plains, which may make future homes not only uninsurable, but also unsaleable and ultimately uninhabitable.

However, those who believe they will never experience flooding or other hazard should think again; along with theft, fire, subsidence and other potential hazards which could befall a home, the risk of flooding is ever-present. It is estimated that around 37 per cent of people – most notably those in rented accommodation – do not have home contents insurance as they see it as a non-essential expense. However, the cost for many would be insurmountable should their home be breached in some way.

So, how do you protect your home and possessions from the forces of nature?

First, try to avoid buying or renting in an area that is prone to flooding. Second, make sure that your [home insurance](#) policy covers all the common hazards in case of extreme weather or other damage such as subsidence or land-slip. Also ensure that any contents insurance provides a sufficient level of cover to repair or replace your damaged items. Also, if you own a car it is worth checking that your car insurance policy caters for flood damage.

Most importantly, compare policy details and prices before you buy. More people are now opting to buy their insurance online, particularly through comparison websites which allow people to compare insurance deals without having to visit each insurer's site individually; meaning that arranging suitable cover can be done quickly and easily and affording peace of mind in a few clicks.

### About the Author

Paul McIndoe is an online, freelance writer from Scotland. When not writing, he enjoys playing golf and is a keen gardener.

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