



Flood Re – Layman's Guide

V1.0

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An Introduction to Flood Re

High Level Background

Recent large scale flood events highlight the impact of severe flooding, including the effect on those who struggle to find affordable insurance. Flood insurance has to date been widely available to households at high risk of flooding due to a series of voluntary agreements on the provision of insurance between Government and Members of the Association of British Insurers (ABI). The most recent of these was the 2008 “Statement of Principles” agreement.

However, the Statement of Principles did not cover the affordability of insurance and had other significant limitations, not least the fact that, in reality, it only applied to ABI Member signatories at the inception of the agreement in 2000. A renewal of the Statement of Principles would therefore not address affordability for those facing rising premiums, or the market distortion created by it, and an alternative solution was sought.

A number of options were considered and the Government’s preferred approach was to introduce legislation which would create a Flood Reinsurance scheme – known as Flood Re – to help support households at highest flood risk. It will enable them to access affordable cover through the competitive home insurance market, and manage a transition to more risk reflective pricing over a 25 year period. Legislation was required as the Flood Re model depends on a cross-subsidy in the form of a statutory levy on the industry.

A Memorandum of Understanding was agreed between the Government and the UK insurance industry in June 2013 providing the mandate for the development of Flood Re, with a legislative approach (through powers in the Water Act and its associated Regulations) chosen as the most effective way of ensuring that all relevant insurers are treated equally in terms of the costs of Flood Re.

What is Flood Re?

Flood Re is a joint industry / Government sponsored scheme to:

- Enable flood cover to be affordable for those households at highest risk of flooding
- Increase availability and choice of insurers for customers
- Create a transitional measure to allow flood insurance to move towards risk-reflective pricing within 25 years
- Create a level playing field for new entrants and existing insurers in the UK home insurance market

Flood Re's objective is to enable the continued availability of affordable flood cover for households at risk of flooding within one of the most competitive home insurance markets in the world, and manage a transition to more risk reflective pricing over a 25 year period. It will do this by providing insurers with the ability to purchase subsidised reinsurance from Flood Re through a commercial arrangement.

Extensive modelling to date suggests that insurers could cede just over 750,000 buildings, contents or combined home insurance policies to Flood Re, relating to around 500,000 households. The cost of flood claims for such policies will be reimbursed by Flood Re to ceding insurers, up to a financial limit equivalent to a 1 in 200 annual loss.

What is Flood Re?

A private sector firm with public accountability

Flood Re will operate under the obligations of public accountability and value for money principles with a range of prudent measures included in the design to significantly limit the risk that Flood Re exposes to the public balance sheet. The Office for National Statistics (ONS) will classify at least part of Flood Re's income as public money, or will classify Flood Re as a public body. This adds a further unique dimension to Flood Re: it will be an industry-run, industry-led and industry-owned company, but with direct accountability to Parliament for its achievement of the policy objectives set out in legislation, and for its custodianship of public money. Flood Re's Board and leadership will ensure Flood Re's public accountability is embedded within its culture, processes and governance and within its approach to managing risks.

Managing public money principles

Flood Re, acting as a public body, is required to meet minimum standards when handling public money. These include: honesty, impartiality, openness, accountability, accuracy, fairness, integrity, transparency, objectivity and reliability. This should be carried out:

- In the spirit of, and to the letter of, the law;
- In the public interest;
- To high ethical standards; and
- Achieving value for money.

How will Flood Re Work?

Flood Re will be funded by:

- A £180m annual levy from all UK home insurers ('Levy 1')
- Inwards reinsurance premiums received from insurers when transferring the flood risk of policies to Flood Re
- An additional contribution from all UK home insurers if needed ('Levy 2')

The annual levy, Levy 1, will be paid by all insurers writing home insurance in the UK and is set at £180 million for the first 5 years. All insurers authorised to write domestic property insurance in the UK will be legally subject to the levy, which will be charged based on each insurer's market share.

The inwards reinsurance premiums on ceded flood risk are at a fixed price according to the council tax band of the property, ranging from £210 per annum for a combined buildings and contents policy for a Band A home to £1,200 per annum for Band H. The premiums, which have been agreed and set in legislation, have been set sufficiently low to allow insurance to be affordable for home owners but sufficiently high that insurers will only cede high flood risk policies into Flood Re, whilst remaining below the underlying 'technical risk cost'.

Levy 2 may be called at any time by the Directors of Flood Re if it requires additional funds for the prudent operation of the scheme. Levy 2 payments are receivable from insurers in the same proportionate way as for Levy 1 payments.

Flood Re is unique in that it will not independently set its premium income, the eligibility criteria for accepting risks, nor the amount of levy income, as they are driven by the parameters set in legislation. They are, however, subject to review at 5-yearly intervals, or sooner if the circumstances warrant: the legislation provides Flood Re with the ability to call a review with the Secretary of State at any point.

Managing Costs

At a high level, Flood Re's costs will fall into the following categories:

- Cost of claims relating to ceded policies
- Cost of outward commercial reinsurance purchased by Flood Re
- Operating costs

Flood Re will reimburse insurers for the cost of flood claims related to risks ceded by insurers. The contractual agreement between Flood Re and ceding insurers – comprising the Inward Reinsurance Treaty and Underwriting Manual – will set out the conditions by which such payments will be made. The claims process between insurers and their customers will remain unchanged: insurers will continue to handle customer claims directly.

To manage Flood Re's exposure to very large flood events, and to ensure its impact on public finances is managed, Flood Re will purchase an extensive reinsurance programme. Part of the reinsurance programme purchased by Flood Re will include 'stop-loss' cover, which will ensure Flood Re does all it can to keep its reported losses within the loss limit specified by Government, assumed to be £100m as the start point for the first 5 year period. Guy Carpenter, the reinsurance broker that will be used to put this programme in place, was procured according to OJEU public procurement rules, which will also be used by them to purchase the reinsurance itself.

Flood Re's operating costs will be controlled carefully to remain well within the £15m limit specified by Government. To manage its operations, Flood Re procured the services of Capita to act as its managing agent, again using OJEU public procurement rules. This will ensure Flood Re's operations will be carried out as efficiently and effectively as possible, as well as providing certainty through a 5 year contract.

Flood Re Operating Model

Flood Re has developed a detailed target operating model that will underpin its operations. This has been developed in line with some key principles:

- **Organisation Structure:** Flood Re will be a lean organisation with minimal layers of management to enable key decisions to be made swiftly and effectively. Capita and Guy Carpenter will carry out many task-orientated business activities on Flood Re's behalf to support this structure.
- **Governance:** To ensure processes are carried out to the highest possible standards and in line with Flood Re requirements, Flood Re will have governance and oversight in place to appropriately monitor the performance of the third party providers (Capita and Guy Carpenter) on an on-going basis.
- **Processes:** The day to day processes including inwards reinsurance claims handling and underwriting will be performed by Capita. SLAs will be put in place to ensure efficient and effective service levels are maintained.
- **IT Systems:** Flood Re will largely rely upon Capita for its infrastructure supply.
- **Data:** Flood Re will have contractual and relevant data sharing agreements in place regarding the provision of management information with robust data security controls in place. Flood Re is also reliant upon data from government agencies.

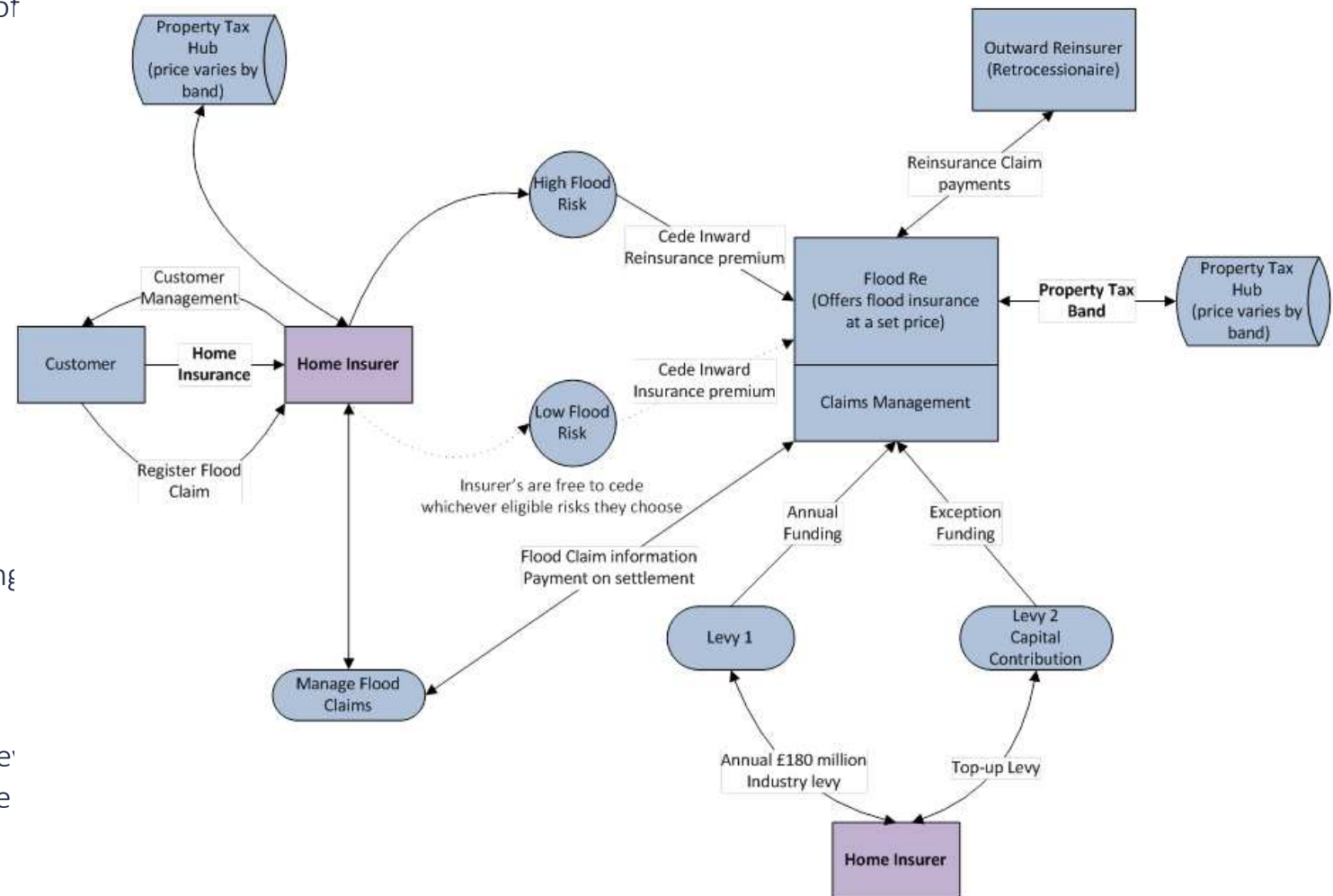
Overall, Flood Re's operating model will reflect its need to adopt a risk-averse culture and to recognise its public accountability and the likelihood of a large part of its income being classified as public money.

Flood Re Scheme Overview

The diagram gives a simplified schematic overview of the main constituent parts of the Flood Re operational flow.

These processes are:

- Quotation / Policy initiation
- Evaluation of Flood Risk, collection of data from the Property Tax Hub and application of eligibility criteria at the relevant points
- Ceding targeted flood risks and posting appropriate capped premium
- Paying qualifying flood claims from a fund built from an annual insurance levy and ceded capped inward reinsurance premiums



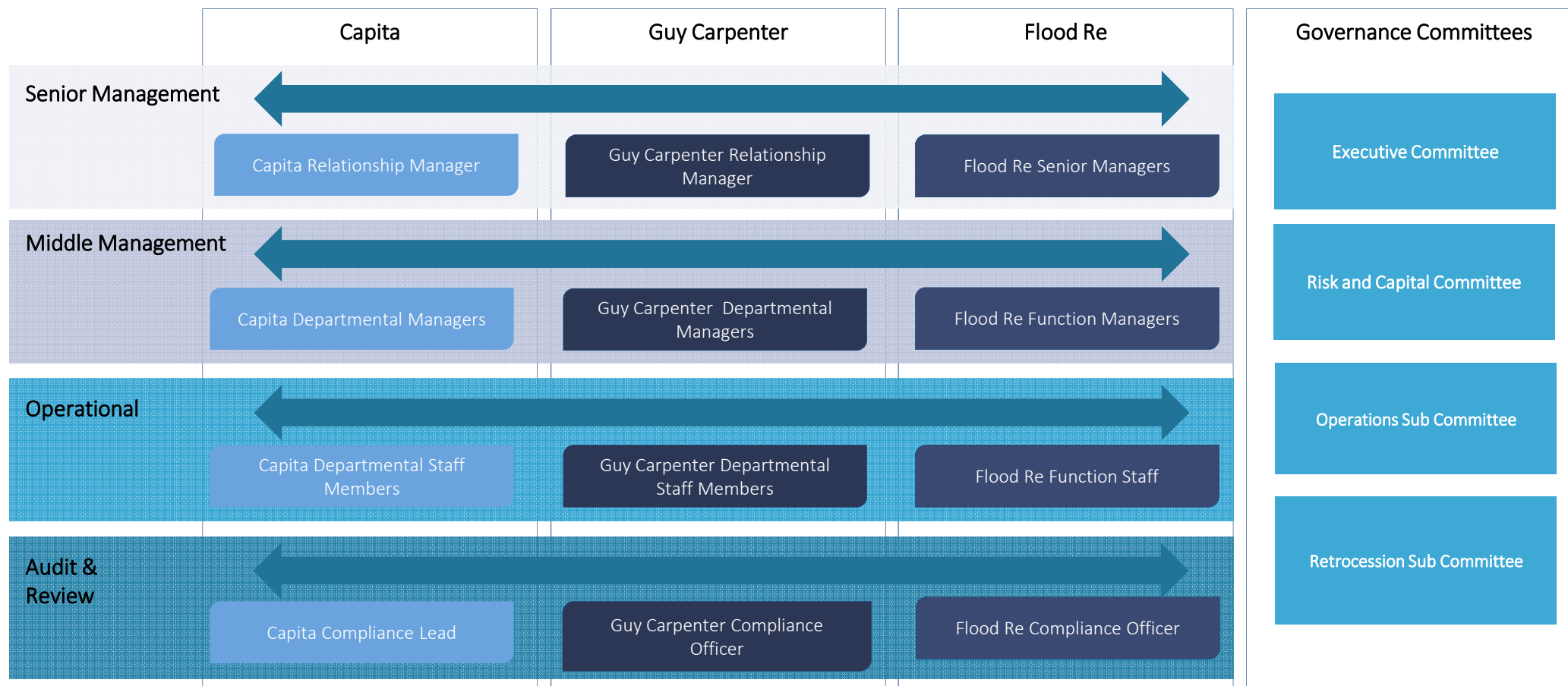
Flood Re Executive Officers and Directors

Chairman	-	Mark Hoban
CEO	-	Brendan McCafferty
Operations Director	-	Aidan Kerr
Operations Lead	-	To be advised
Chief Financial Officer	-	Adam Golding
Chief Actuary	-	Gary McNally
Risk Manager	-	To be advised
Internal Audit	-	To be advised
General Counsel	-	To be advised

Outsourcing Oversight Governance

Key Touch Points and Interactions

As part of the governance structure there are four key tiers of interactions between Flood Re and critical service providers which provide effective oversight of the outsourced activity. The diagram below defines these four tiers of interactions and the associated committees, where relevant.



Flood Re Systems

Access to Flood Re system

A Property Data Hub (PDH) will be available for all participants. Insurers will be able to query property data on the PDH to obtain the Eligibility Category (council tax/valuation band) and Eligibility Period (built prior 2009) either via web services or via a batch file upload. Insurers will also be able to access an offline property data file of all domestic addresses in England, Wales, Scotland and Northern Ireland for their own local use; to look up Eligibility Category and Eligibility Period.

Access will be controlled by initial on-boarding security access controls and will be available for all relevant insurers, brokers, parties acting under delegated authority, software houses or aggregators who wish to use the online and offline solution.

Unique reference id

A new unique identifier for all properties in England, Wales, Scotland and Northern Ireland will be created. This Flood Re ID or FRid reference will be returned upon making an address query to the Property Data Hub and will be included in both the online and offline property file. More details pertaining to the FRid are on the next slide.

Property Data Hub updates

The Property Data Hub will be updated regularly to a defined schedule and available in real time for online quotes and offline as a local data set. There will also be a service provided to insurers to pre-match properties to the PDH for early address validation.

The FRid

The Flood Re unique identifier 'FRid' has been created by the Managing Agent for the 30 million UK properties that will be stored on the online and offline version of the Property Data Hub.

It is highly recommended that Insurers incorporate storing and using the FRid as part of their overall Flood Re implementation.

The primary reason for this is that use of the FRid when ceding Bordereaux will ensure a match for that property and ensure that the risk is ceded successfully.

This new property identifier has been created as there is no universal coverage of other unique references such as the Royal Mail UDPRN or National Land and Property Gazetteer UPRN. There is also some re-use and duplication occasionally of these references which causes difficulties when ensuring that a consistent address match is being made to the same property again and again (i.e. for new business and renewal).

Insurers and other ceding parties can access the FRid in the following ways:

- Upfront address matching with the Managing Agent as part of on-boarding process
- Through individual or batch address queries to the Property Data Hub once all systems are live
- Through local implementation of the offline property file

Use of the FRid to query the Property Data Hub will ensure consistency of data for the requested address.

Additionally, use of the FRid when ceding Bordereaux and submitting claims Bordereaux will ensure that submissions meet system validations and that the Bordereaux are submitted for the correct addresses.

Communications Timeline – March to June

Activity	March		April				May				June			
Participants invited to breakfast briefings & w/shops														
Website launched														
Technical specifications issued to participants														
Breakfast briefing - Birmingham														
Breakfast briefing Manchester														
Breakfast briefing - London														
Technical specification workshops - London														
Webinars - weekly Q&A sessions														
Meetings with BIBA, Insurers, Polaris, ETPG, Lloyd's														
Proactive PR campaign														
Regular email update to each group														

- Key focus on face to face events in April and May – breakfast briefings and technical specification workshops
- Use of webinars - where face to face meetings aren't possible
- Proactive use of PR to promote Flood Re – used to reach all possible participants
- Close working with on-boarding team in Flood Re – to ensure consistency of approach
- Speaking opportunities at conferences – useful way to convey key messages to a wider audience
- Use of membership groups to reach wider audience – eg BIBA, ABI, Lloyd's, Polaris, ETPG and MGAA
- All activity will be underpinned by the Flood Re website

High Level Principles

- There are two key customer groups for Flood Re:
 - **Insurers** – Insurance companies authorised to underwrite insurance who will have access to the Bordereaux system (or parties acting under their full delegated authority)
 - **Other Scheme Participants** – this group includes brokers, affinity partners (Banks, Building Societies, etc.), aggregators, software houses and who could have access to the Property Data Hub in order to establish property tax bands for customers addresses as part of the quote process
- Participants of Flood Re:
 - **Members** – Relevant Insurers can cede eligible flood risks to Flood Re and will receive any refund (discretionary) of Levy 2 Capital Contributions
 - **Non-members** – Relevant Insurers who can cede eligible flood risks into Flood Re but will not receive any refund of Levy 2 Capital Contributions
 - **Property data hub users** – external users who are restricted to Property Data Hub only
- Both members and non-members may cede eligible flood risks into Flood Re
- All participants who on-board will have access to the Property Data Hub

Operational Considerations to Prepare for Flood Re

- 1 Access to the Property Data Hub and Bordereaux management services will be available via a web portal implemented on go live.
- 2 Technical specifications will be made available to all participants in April 2015. These will explain how insurers can connect to Flood Re systems to query property information and cede risks. As well as the specification, they will detail how technical connections can be implemented. A specification for the content of the Bordereaux will also be distributed.
- 3 Insurers will be given individual user IDs for the submission of Bordereaux and property address queries.
- 4 Insurers will be able to query property data on the Property Data Hub to get the property tax band/year of build/year of valuation flag for an address either via web services or via a batch file upload (further information on both will be available in April).
- 5 Insurers will alternatively be able to access an offline property file of all addresses in England, Wales, Scotland and Northern Ireland for their own local use to look up property tax bands/year of build/year of valuation information.

Operational Considerations to prepare for Flood Re

6

A new unique identifier for all properties in England, Wales, Scotland and Northern Ireland is being created; the Flood Re ID or FRid. This reference will be returned to insurers upon making an address query to the Property Data Hub. The Flood Re ID will also be included in the offline property file.

7

Use of the Flood Re ID when submitting Bordereaux will enable more accurate address matching and ensure that the correct property risk is being ceded.

8

To assist with more effective Bordereaux processing, approximately 3-4 months prior to go live, insurers will be able to provide details of the potential risks they may cede to Flood Re and the address information for these. A template will be provided for insurers to use to submit this data. Flood Re can then carry out upfront data matching for the addresses and return the Flood Re ID to the insurer. These IDs can be included in any Bordereaux submitted and will ensure address validation by Flood Re.

9

Two types of Bordereaux messages are being defined; underwriting and claims. Further details of these will be available as part of the technical specifications released in April 2015.

Operational Considerations to prepare for Flood Re

10

Upon submission of the Bordereaux, data validation and business rules will be applied. Any messages which do not adhere to the schema defined means the Bordereaux will be returned for re-submission. Explanatory error codes will make clear why Bordereaux are being rejected. Further details of these will be provided in April 2015.

11

A service desk for participants requiring assistance with any technical or insurance queries relating to Flood Re will be available.

12

Insurers must submit Bordereaux either via web services in JSON or via file upload in CSV or JSON. Insurers will submit 2 monthly Bordereaux; one containing data on multiple policies on the Underwriting Bordereau and the other containing multiple claims on the Claims Bordereau

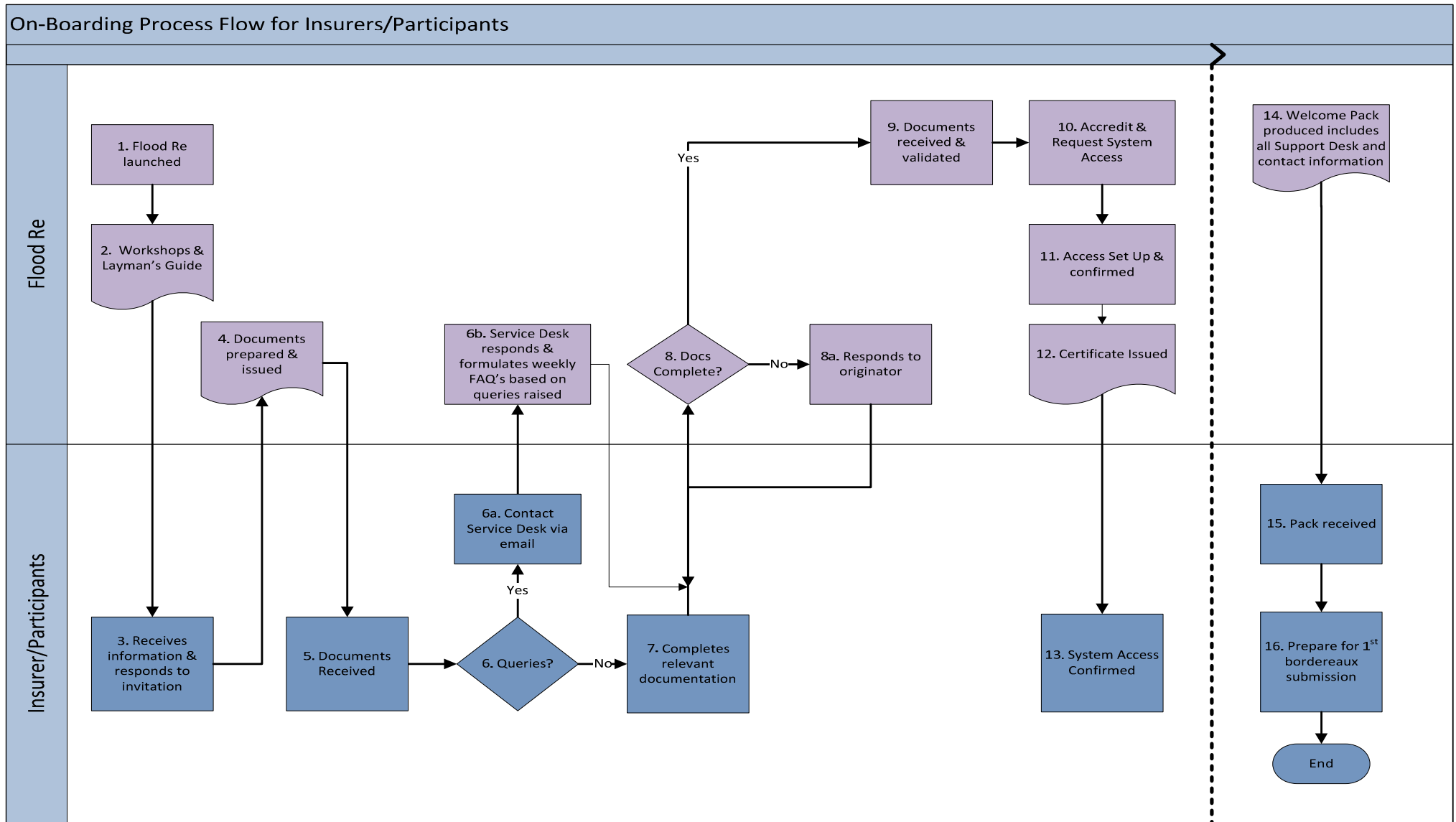
Overview of On-boarding

- Scheme participants will have to undergo an on-boarding process before being authorised to access Flood Re systems
- User registration will be required and participants can elect to be a Member, Non-Member or Property Data Hub user
- The on-boarding process will also include testing of interfaces and data exchange
- On-boarding has been planned to be split across several tranches between September 2015 and April 2016 for Insurers planning to go live on Day 1
- Technical specifications will be made available to all participants in April 2015. This will explain how insurers can connect to Flood Re systems to query property information and cede risks or submit claims

Signing Up to the Flood Re Scheme:

- This will include completing and signing relevant documentation undertaking to comply with the Flood Re Scheme Rules prior to being established as a Member or Non Member (See Appendix B)
- Those not wishing to be a Member may still cede eligible flood risks into Flood Re (referred to as Non-Members)
- On return of signed documentation all members and non-members will be given user IDs for the submission of Bordereaux and property address queries
- Once accredited, controlled user access rights to Flood Re Systems will be granted
- Access to the Property Data Hub and Bordereaux management services will be available via a web portal

On-Boarding Process Flow



High-level On-Boarding Approach

September 2015

April 2016

Ceding Insurers

On-board Test / fix Ready
Insurer Tranche 1
(Early Adopters)

On-board Test / fix Ready
Insurer Tranche 2

On-board Test / fix Ready
Insurer Tranche 3

On-board Test / fix Ready
Insurer Tranche 4

On-board Test / fix Ready
Insurer Tranche 5

On-board Test / fix Ready
Insurer Tranche 6

On-board Test / fix Ready
Insurer Tranche 7

Property Data Hub users

On-board Test / fix Ready
PDHTranche A
(Early Adopters)

On-board Test / fix Ready
PDHTranche B

On-board Test / fix Ready
PDHTranche C

On-board Test / fix Ready
PDHTranche D

On-board Test / fix Ready
PDHTranche E

On-board Test / fix Ready
PDHTranche F

On-board Test / fix Ready
PDHTranche G

On-board Test / fix Ready
PDHTranche H

On-board Test / fix Ready
PDHTranche I

On-board Test / fix Ready
PDHTranche J

On-board Test / fix Ready
PDHTranche K

On-board Test / fix Ready
PDHTranche L

On-board Test / fix Ready
PDHTranche M

Underwriting & Claims Process

- Premiums and claims payments will be managed via a Bordereaux process
- Two types of Bordereaux – underwriting and claims
- Insurers submit mandatory monthly Bordereaux directly to Flood Re by use of web services, or via the web portal and uploaded in either CSV or JSON*

Underwriting process

- A monthly Bordereau per insurer will be accepted
- Ceded flood risks for both members and non-members must be submitted on monthly underwriting Bordereau, including nil returns and mid-term adjustments (eg, cancellations, reinstatements)
- Flood Risks must be submitted to Flood Re and accepted within 120 days of transaction effective date for full term cover
- Full premium is payable to Flood Re no later than 30 days after each accepted Bordereau

Claims process

- Relevant ceding Insurers will submit their claims via a monthly claims Bordereau process
- Nil returns are also required
- All open, re-opened and finalised claims must be communicated via the Bordereau on a monthly basis
- Claim payment will be made to ceding Insurer within 30 days after Flood Re has been informed of final settlement once the bordereau has been accepted
- Claims reimbursement will be at claim Bordereau level rather than the individual claim item level

- Upon submission of Bordereaux, data validation and business rules will be applied to confirm eligibility
- If any errors are found through the data validation and business rules process the Bordereau will be returned
- Any messages which do not adhere to the schema defined means the Bordereaux will be returned for re-submission
- Explanatory error codes will make clear why Bordereaux are being rejected

*A more detailed description can be found in the technical design document

Levy 1 Payment

- The first Levy 1 payment (first instalment due 1st April 2016) will be determined by reference to calendar year 2015 GWP. GWP is defined in the Flood Re Regulations and shown in Appendix B – Glossary
- Calculation and apportionment will be based on the reported GWP of all Home Insurers for a calendar year
- Each relevant insurer will supply Flood Re with copy of statutory annual returns and other information to facilitate calculation of insurer's proportion of Levy amount
- Levy 1 will be paid to Flood Re in quarterly instalments

Levy Formula:

- Relevant Insurer must pay to the Flood Re Managing Agent a levy for the first year and each subsequent year (1st April – 31st March) calculated in accordance with the following formula (based on their market share):

$$TL \times \frac{X}{Y}$$

‘TL’ means the total levy of £180 million (or any future equivalent sum) for each following financial year

‘X’ means the relevant insurer's gross written premium for the preceding calendar year

‘Y’ means the sum of all relevant insurers' ‘X’ (GWP) for the preceding calendar year

Service Desk Support

Breakfast Briefings / Workshops:

- Following the breakfast briefings and workshops, any queries can be sent to us via email. Your query will be acknowledged and all questions raised will be answered in the next set of FAQs available via the website which is anticipated to be weekly.
 - Email address to be confirmed

On-boarding Support:

- A service desk for participants requiring assistance with any technical or insurance queries relating to Flood Re will be available prior to launch

Service Desk Support:

- Service Desk support will be available to all Relevant Insurers and users of the Property Data Hub from April 2015
- There will be a dedicated telephone number and email address to contact us on any technical, financial or operational query

Appendices

- Appendix A – Frequently Asked Questions
- Appendix B – Supporting Documents
 - Eligibility criteria
 - On-boarding matrix
 - Glossary of terms

Appendices

- Appendix A – Frequently Asked Questions
- Appendix B – Supporting Documents
 - Eligibility criteria
 - On-boarding matrix
 - Glossary of terms

Question	Answer	Area
What is a FRid?	Also known as Flood Re ID. This is a unique identifier for all properties in England, Wales, Scotland and Northern Ireland. This will be returned when making an address query to the Property Data Hub. The FRid will be included in both the online and offline property files.	Property Data Hub
Why is use of the FRid so important?	<p>The Flood Re unique identifier "FRid" has been created by the Managing Agent for the 30 million UK properties that will be stored on the online and offline version of the Property Data Hub.</p> <p>It is highly recommended that insurers incorporate storing and using the FRid as part of their overall Flood Re implementation.</p> <p>The primary reason for this is that use of the FRid when ceding Bordereaux will ensure a match for that property and ensure that the risk is ceded successfully.</p> <p>This new property identifier has been created as there is no universal coverage of other unique references such as the Royal Mail UDPRN or National Land and Property Gazetteer UPRN. There is also some re-use and duplication occasionally of these references which causes difficulties when ensuring that a consistent address match is being made to the same property again and again (i.e. for new business and renewal).</p> <p>Insurers and other ceding parties can access the FRid in the following ways:</p> <ul style="list-style-type: none"> Upfront address matching with the Managing Agent as part of on-boarding process Through individual or batch address queries to the Property Data Hub once all systems are live Through local implementation of the offline property file <p>Use of the FRid to query the Property Data Hub will ensure consistency of data</p>	Property Data Hub

Question	Answer	Area
	for the requested address. Additionally, use of the FRid when ceding Bordereaux and submitting claims Bordereaux will ensure that submissions meet system validations and that the Bordereaux are submitted for the correct addresses.	
Who do I contact with any queries after the breakfast briefings/workshops?	Following the breakfast briefings and workshops, any queries can be sent to us via email. Your query will be acknowledged and all questions raised will be answered in a weekly FAQ available via the website. Email address to be confirmed.	Service Desk
What is the on-boarding process?	The Insurer on-boarding process will consist of Relevant Insurers agreeing to sign up to the Scheme Document, Scheme Regulations, Inwards Reinsurance Treaty Document, Data Sharing Agreement and agree to the contents of the Underwriting Manual. Appropriate information security controls will be defined through the on-boarding process.	On-Boarding
How do I sign up?	Complete and sign documentation undertaking to comply with the rules of Flood Re prior to being established as Members.	On-Boarding
What happens following sign up?	Once signed up, accredited participants will be granted controlled user access to the appropriate parts of the Flood Re system and receive a welcome pack	On-Boarding
What are the initial requirements or data required from insurers or other participants?	Membership type, Company Name, Company address, FCA/PRA/EEA Passport number, email contact details and bank account details.	On-Boarding
Who do I contact if have any on-boarding questions?	A dedicated customer support facility will assist with any on-boarding queries and will be available from launch. You will be able to contact us via the web portal or via email.	On-Boarding
What documentation is required?	The document matrix in the Appendices provides a more detailed overview of the documents required from different participants.	On-Boarding

Question	Answer	Area
Who needs to sign the documentation?	Any individual authorised to enter into contractual relationships for the Company.	On-Boarding
How do I get access to systems?	Once accredited, Insurers will be notified of their access information. Access to the Property Data Hub and bordereaux management system will be available via a web portal implemented upon go live. Insurers and parties acting under a full delegated authority will be given individual user IDs for the submission of bordereaux and property address queries.	On-Boarding
What risks can be ceded?	Insurers can cede any risks that meet the scheme's eligibility criteria.	Ceding
How do I cede risks?	Ceding Insurers will be required to identify the property tax band, year of build/year of valuation and FRid for properties they insure if they wish to cede the risk to Flood Re. Subsequently, this information must be provided as part of the monthly bordereau submitted. The bordereau will be uploaded via a web service or a portal where a JSON or CSV file can be uploaded. Each insurer will be provided with the appropriate technical information on how to submit.	Ceding
When can risks be ceded?	Risks can only be ceded from new business or at renewal, with a renewal effective date on or after the start date of the scheme. After go live date, risks can be ceded as Mid Term Adjustments where policies start post the go live date.	Ceding
Do insurance companies have to accept flood risks and cede?	The existence of Flood Re places Insurance Companies under no obligation to accept flood risks. They can offer quotations or choose to decline to quote based on their own risk appetite.	Ceding
How is the levy calculated?	The calculation of Levy 1 will be done as per the formula in the Layman's Pack and the resulting amount for each Insurer will be created as an outstanding amount on that Insurers account, split quarterly.	Levy
How do I pay the levy?	An invoice will be raised and sent to the relevant insurer. The invoice will detail the bank account to which payment should be submitted.	Levy

Question	Answer	Area
What is the Levy 2 Payment?	<p>This is also called Capital Contribution. Should Flood Re's fund be unable to fully meet its regulatory capital, it will be in breach of its Solvency II commitment. Flood Re will therefore charge all Relevant Insurers an additional payment to make up the shortfall. Insurers that are not Members of Flood Re will also be required to make payments to Flood Re under the Water Act 2014.</p> <p>If there is a surplus following the Capital Contribution, Flood Re will refund Members their respective contributions subject to compliance with conditions set out by the Prudential Regulatory Authority (PRA) and at the discretion of the Directors of Flood Re within the terms of the Scheme. Non-Members will not receive a refund as their contributions will be dealt with as a non-refundable tax.</p>	Levy
What is the Property Data Hub?	<p>The Property Data Hub holds information relating to domestic properties collated from the valuation agencies in England and Wales, Northern Ireland, Scotland. This data supports the validation of eligibility and cost of property reinsurance to Flood Re. It will provide a Flood Re category based on tax band, valuation rating category and an indicator of whether the Year of Build or valuation is recorded as prior to 2009.</p>	Property Data Hub
How do I use the Property Data Hub?	<p>All participants will be able to query property data for all addresses in England, Wales, Scotland and Northern Ireland to look up property tax bands and year of build information either via web services or via a batch file upload. Further information will be provided in the Technical Specifications.</p>	Property Data Hub
Can I access the property data offline?	<p>Insurers will be able to access an offline property file of all addresses in England, Wales, Scotland and Northern Ireland for their own local use to look up Eligibility Category and Eligibility Period.</p>	Property Data Hub
How do I get ready for the first bordereau submission?	<p>Technical Specifications will be made available to all participants. Bordereaux Templates will be provided for both Underwriting and Claims.</p>	Technical
How do I submit bordereaux?	<p>The Insurer can submit bordereaux files either via a web service or file upload. Web services will be in JSON format. The file upload will be via a web portal and</p>	Technical

Question	Answer	Area
	the file format expected will be in JSON or CSV format. The means to do this will be provided in the Technical documentation.	
How do I know if my bordereau has been accepted?	A message will be generated and sent to the submitting Insurer to confirm acceptance of the entire data set or will provide details of the reasons why the bordereau has failed with descriptions per line of data. If a bordereau has any exceptions then the entire data-set will be returned for correction and resubmission. Explanatory rejection codes will make clear why the bordereaux is being rejected and assistance will be offered should the ceding Insurer require further clarification.	Technical
How do I re-submit bordereau?	Insurers can remove or correct the failed rows and resubmit. Alternatively, they can resubmit the accepted rows and resend the remainder as a new version of the bordereau as a subsequent submission for the same month.	Technical
How do I make a claim?	Any flood claim against a risk ceded to Flood Re must be notified via a monthly Claims Bordereau. The bordereau will capture one record for each open claim and claim settled within that reporting month showing the position of the claim. Following validation, each transaction will have a valid or invalid indicator set. Any claim which fails the validation process will have an error code to indicate the reason for failure. Errors can then be corrected and the document re-submitted.	Claims
How do I get a claim payment made?	By setting a Full and Final Settlement flag against a specific claim entry on the Claim Bordereau, this will indicate the Insurer has finalised the claim and all payments have been made. Payment will be made to the Insurer within 30 days of acceptance of the final settlement.	Claims
Will Flood Re make interim payments?	Insurers will generally only recover payments from Flood Re once all claim payments have been finally settled, unless there is a prior agreement for an interim payment with Flood Re. Any existing internal processes for handling interim payments between Insurer and customer claimants will still apply.	Claims
What does the customer need to	If an Insurer elects to cede a risk to Flood Re, the insured must be informed at	Customer

Question	Answer	Area
know?	some point in the policy life cycle and during any claims cycle that the flood risk element of their cover is provided by Flood Re.	
What is the capped premium?	Insurers may cede the risk to the Flood Re Scheme at the capped premium price. This is the maximum premium charged by Flood Re for a ceded risk depending on set criteria of Buildings / Contents by Tax Band.	Premiums
What if I have any questions, who do I contact?	A service desk for participants requiring assistance with any technical or insurance queries relating to Flood Re will be available and contact details will be provided in a future update.	Help Desk

Eligibility Criteria

The Scheme Document, at sections 4.5 – 4.9, provides for the following Eligibility criteria:

4.5 Only the Flood Risk Element of a combined policy, a buildings policy or a contents policy for “household premises” is eligible for re-insurance under the FR Scheme.

Acceptance of household premises for inwards reinsurance by the FR Scheme administrator will be subject to conditions in the inwards reinsurance arrangements between the relevant insurer and the FR Scheme administrator.

4.6 “household premises” means:

4.6.1 a dwelling; or

4.6.2 a building in the United Kingdom (Excluding Isle of Man and Channel Island) which is held for private residential use and comprises two or three residential units, and includes any garage, shed or other building which forms part of, and is enjoyed with, the building,

which (in either case) meets the criteria set out in sections 4.7 to 4.9 below.

4.7 This section 4.7 together with sections 4.8 and 4.9 set out the criteria for “household premises” in accordance with regulation 5 of the Regulations:

4.7.1 In the case of a dwelling:

4.7.1.1 if it is in England, it must be in valuation band A to H for Council Tax as set out in section 5(2) of the Local Government Finance Act 1992;

4.7.1.2 if it is in Wales, it must be in valuation band A to I for Council Tax as set out in section 5(3) of the Local Government Finance Act 1992;

4.7.1.3 if it is in Scotland, it must be in valuation band A to H for Council Tax as set out in section 74(2) of the Local Government Finance Act 1992;

4.7.1.4 if it is in Northern Ireland, it must have a value as at 1st January 2005 as set out in the Rates (Capital Values, etc.) (Northern Ireland) Order 2006; and

4.7.1.5 it must have been added to the Council Tax Valuation list (or equivalent) or been constructed (as determined by such list) before 1 January 2009.

4.7.2 In the case of a building falling within section 4.6.2 of the definition of “household premises” (above), each of the residential units:

4.7.2.1 if it is in England, must fall within section 4.7.1.1;

4.7.2.2 if it is in Wales, must fall within section 4.7.1.2;

4.7.2.3 if it is in Scotland, must fall within section 4.7.1.3;

4.7.2.4 if it is in Northern Ireland, must fall within section 4.7.1.4; and

4.7.2.5 must have been added to the Council Tax Valuation list (or equivalent) or been constructed (as determined by such list) before 1 January 2009.

4.8 The “household premises” must also be covered by a contract of insurance which:

4.8.1 includes cover for any risk of damage to, or loss or destruction of, either or both –

4.8.1.1 the household premises; or

4.8.1.2 the contents of the household premises which consists of a dwelling; and

4.8.2 meets the following criteria set out in section 4.9.

4.9 The criteria mentioned in section 4.8.2 are:

4.9.1 The insurance contract must be held in the name of, or on trust for, one or more individuals or by the personal representative of an individual.

4.9.2 The household premises or its contents must be insured on an individual basis.

4.9.3 The insurance contract must cover the contents of household premises and/or insurance falling within criterion provided in section 4.9.4 or section 4.9.5.

4.9.4 If the insurance contract is a buildings policy or a combined policy which (in either case) covers a dwelling:

4.9.4.1 the dwelling is held on a freehold basis or is a commonhold unit for the purposes of Part I of the Commonhold and Leasehold Reform Act 2002 or is a flat in a tenement for the purposes of the Tenements (Scotland) Act 2004 or, if the dwelling is held on a leasehold basis, the leaseholder insures the structure of the dwelling, and

4.9.4.2 the individual (or one of the individuals) referred to in section 4.4.2 or their immediate family, must live in the dwelling for all or some of the time (whether or not with others) or the dwelling must be unoccupied.

4.9.5 If the insurance contract is a buildings policy or a combined policy, which (in either case) covers household premises which fall within section 4.6.2 of the definition of “household premises”, the household premises are held on a freehold basis and are insured by the freeholder or by an owner of a share of the freehold who lives, for all or some of the time (whether or not with others), in one of the residential units.

For clarification and avoidance of doubt the following risk categories will be interpreted as being eligible as long as they also meet the eligibility criteria set out above (please note this is a non-exhaustive list):

- A. Bed and breakfast premises paying Council Tax and insured under a Home insurance contract;
- B. Farmhouse dwellings and cottages. Where farmhouse dwellings are included in a commercial line policy, provided the insurer can split out the dwelling element (which meets the criteria 1-6 (inclusive) above), that part of the risk can be ceded to Flood Re;
- C. Holiday/Second Homes;
- D. Home workers;
- E. Individual leaseholders protecting own dwelling;

- F. Leasehold blocks will be eligible for buildings cover if they contain 3 units or fewer, and the freeholder(s) lives in the block;
- G. Residential 'buy to let' (which meet the criteria 1-6 (inclusive) above)
- H. mobile homes if in personal ownership;
- I. Tenant's / individual's contents (even if living in large block/flats, where the buildings risk would not be eligible).

Example of risk categories that will not be eligible for ceding to Flood Re as part of a buildings or combined policy (please note this is a non-exhaustive list):

- A. Bed and breakfast premises paying business rates;
- B. Blocks of residential flats;
- C. Company houses/flats;
- D. Contingent buildings policies (e.g. held by banks);
- E. Farm outbuildings (not included in the definition of a dwelling);
- F. Freeholders/leaseholders insuring blocks/large numbers of properties in a portfolio for commercial gain;
- G. Housing association's residential properties;
- H. Multi-use under commercial or private ownership;
- I. Residential 'buy to let' (which do not meet the criteria 1-7 (inclusive) above);
- J. Social housing properties; (eligible for Contents cover but not eligible for Buildings cover);
- K. Static caravan site owners (for commercial gain).



ON BOARDING DOCUMENTS										
	Form of Application Capita doc	Scheme Document Access to all	Scheme Regulations Access to all	Membership Agreement	Inwards Reinsurance Treaty Document	Underwriting Manual Shared	Articles of Association Access to all	Underwriting /Claim Bordereaux Templates	Data Sharing Agreement	Declaration Statement (part of MoU)
Insurer - Member	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Insurer - Non Member	<input checked="" type="checkbox"/>				<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Delegated Authorities incl MGAs	<input checked="" type="checkbox"/>				Possible	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Brokers	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Affinity Partners	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Software Houses (property tax hub)	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Aggregators										



Flood Re – Glossary of Terms

Version for Layman's Guide

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Supporting Documentation

Document Name	Version
HM Treasury: Managing Public Money – July 2013	
Underwriting Manual & Reinsurance Treaty (Flood Re contractual documents)	
Articles & Membership Agreement (Flood Re constitutional documents)	
The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015 & Scheme Document	
Flood Risk Excess of Loss Reinsurance Treaty	

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1 PURPOSE OF DOCUMENT

The purpose of this document is to provide a central repository of terms used within the Flood Re Scheme to give a consistent definition across all communications.

2 DEFINITION OF TERMS

The definitions below include the legal document in which they are used. Where a definition is mentioned in more than one document, the document with the highest legal status is specified. Terms in this paper that do not include a source document are not included in any of the Flood Re legal documents, but are included here to add clarity.

For some terms, the definitions are subject to change as the documents are still being finalised. This is included in the table.

Term	Where used	Definition
Accounting Officer	HM Treasury: Managing Public Money – July 2013	A person appointed by the Treasury or designated by a department to be accountable for the operations of an organisation and the preparation of its accounts. The appointee is the head of a department or other organisation or the Chief Executive of a non-departmental public body (NDPB) or other arms-length-body.
Accounts	Reinsurance Treaty	The bordereaux, accounts and other documents in respect of premium, claims and related items (including adjustments and corrections) provided for in the Underwriting Manual
Accounting Period	Reinsurance Treaty	The period of time, represented by a financial year (meaning a period of 12 months ending with 31 March)
Actual Payment	Reinsurance Treaty	In carrying out any Household Premises Insurance, the provision of any property (including money) or any service, by way of an indemnity or otherwise, by the Cedant to an Original Insured under such Household Premises Insurance, and not merely the admission of, accounting for or other accrual of any liability in respect of such provision
Annual Aggregate Liability Limit (*subject to change)	Reinsurance Treaty	<p>The maximum aggregate amount, as set out in the Scheme Document and as increased annually in accordance with the CPI indexation, that the Reinsurer shall be obliged to pay in any Accounting Period to all Inwards Reinsureds. The Liability Limit is yet to be finalised.</p> <p>In the event that the period from the Effective Date to the commencement of the Accounting Period (“the Initial Accounting Period”) is not a full 12 month period, the Annual Aggregate Liability Limit for that period shall be reduced pro-rata</p>
ART Contract	Membership Agreement	One or more contracts that, pursuant to the Law, are not capable of constituting a Retrocession, but which nevertheless, individually or in the aggregate, provide Flood Re with a right to receive property of any sort (including money or securities), or any right therein, thereover or in respect thereof, by way or for the

		purposes of defraying, reducing or otherwise mitigating (whether by indemnity or otherwise) any Flood Risk Element that Flood Re has assumed or incurred, or may assume or incur
Articles	Articles	The Articles of Association of Flood Re (as may be amended from time to time)
Board	Membership Agreement	The board of directors of Flood Re from time to time
Bordereau		A reinsurance list detailing risk premium or loss data. An Underwriting bordereau and a Claims bordereau must be submitted by the Relevant Insurers to Flood re on a monthly basis.
Borrowed Amount	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	The total amount outstanding at the end of a financial year in respect of any sums borrowed by the FR Scheme administrator, and includes any bank loans or overdraft, or other temporary borrowing (including amounts which the FR Scheme administrator owes to suppliers in respect of products or services acquired), but does not include contributions, or any amounts owed by the FR Scheme administrator in respect of any contract of reinsurance.
Buildings Policy	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	A contract of insurance covering the structure of household premises, which may include fixtures and fittings, swimming pools, permanently fixed hot tubs, tennis courts, patios, terraces, service tanks, drains, septic tanks, pipes and cables, central heating fuel storage tanks, driveways, footpaths, garden walls, hedges, gates and fences.
Built		The year a property was built. Dwellings built after 01 st January 2009 are not eligible for Flood Re cover.
Business Day	Membership Agreement	A day (not being a Saturday or Sunday or public holiday in England and Wales) on which banks are open for general banking business in the City of London
Calendar Year	Articles	1st January to 31st December inclusive
Capital	Reinsurance Treaty	In accordance with the Relevant Rules, any property or other matter to be taken into account in identifying, calculating or ascertaining any profit, loss, asset or liability of a reinsurer
Capped / Ceded Premium		Maximum premium to be charged by Flood Re for a ceded risk depending on a set of criteria (Buildings / Contents by Tax Band)
Cedant	Reinsurance Treaty	Any Relevant Insurer who cedes Flood Risk to Flood Re under the terms of the Reinsurance Treaty and the Underwriting Manual
Class Actions	TBC	TBC
Combined Policy	The Flood Reinsurance (Scheme Funding and Administration)	A contract of insurance which comprises a buildings

	Regulations 2015	policy and a contents policy
Comptroller and Auditor General, C&AG	HM Treasury: Managing Public Money – July 2013	The chief executive of the National Audit Office, appointed by the Crown, and an Officer of the House of Commons. As Comptroller, the C&AG's duties are to authorise the issue by the Treasury of public funds from the Consolidated Fund and the National Loans Fund to government departments and others: As Auditor General, the C&AG certifies the accounts of all government departments and some other public bodies, and carries out value-for-money examinations.
Condition for Cover	Reinsurance Treaty	A condition of cover or liability under this Reinsurance Treaty in respect of any Household Premises Insurance or Covered Loss, or any claim arising out of or in connection therewith
Consumer Prices Index (CPI)	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	The all items consumer prices index published by the UK Statistics Authority or, if that index is not published for a relevant month, any substituted index or index figures published by the UK Statistics Authority.
Contents	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	In relation to a dwelling, means household goods and personal possessions, which may include valuables (except fine art), clothes, sports equipment and bicycles, camping equipment, money, satellite dishes, aerials and other articles, which belong to persons who live in the dwelling or for which they are responsible, or which belong to guests in the dwelling (except paying guests)
Contents Policy	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	A contract of insurance covering the contents of household premises which consist of a dwelling
Contribution	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	A sum payable by way of capital contribution by a relevant insurer to the FR Scheme administrator pursuant to a contractual obligation under or by virtue of the FR Scheme
Court Order	Reinsurance Treaty	Any order of any court of competent jurisdiction, including the High Court of England and Wales, and including any order made under or in connection with Part 7 of FSMA
Covered Flood (*subject to change)	Reinsurance Treaty	Flood water which enters Household Premises
Designation Regulations	Scheme Document	The Flood Reinsurance (Scheme and Scheme Administrator Designation) Regulations 2015
Directors	Articles & Membership Agreement	The directors from time to time of Flood Re, the company
Dispute	Reinsurance Treaty / Membership Agreement	Any dispute or difference arising out of or in connection with any Scheme Materials and/or any inability to reach within a reasonable time agreement on any matter where agreement is required pursuant to the terms of any such materials and notified by one

		<p>party to the other through a Dispute Notice.</p> <p>or</p> <p>“as between any and/or all ordinary members and/or legacy members and /or Flood Re, any dispute or difference arising out of or in connection with any Scheme Agreement and/or inability to reach within a reasonable time agreement on any matter where agreement where agreement is required pursuant to the terms of any Scheme Agreement.</p>
Dwelling	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	Any building, or part of a building, or mobile home in the United Kingdom that is held for private, residential use as a single residential unit, and includes any garage, shed or other building which forms part of, and is enjoyed with, the residential unit
Eligible Policyholder	Reinsurance Treaty	An individual who, in his capacity as a consumer, is a policyholder as defined in the Handbook
Excess (*subject to change)	Reinsurance Treaty	<p>Subject to the provisions of the Underwriting Manual, a £250 (two hundred and fifty pounds Sterling) Excess will apply to each claim under.</p> <p>Where a Combined Policy has been ceded, the excess will apply to the whole claim and not per buildings and contents section. Where both the Buildings Policy and the Contents Policy are ceded as separate policies, 2 (two) Excesses will apply, one for each section, even if these are ceded by the Cedant in respect of the same Household Premises.</p>
Excluded Loss	Reinsurance Treaty	Any policy, risk, loss or claim to the extent that the Cedant has not complied with any Condition for Cover is comprised within Excluded Loss. In addition, to the extent that the Cedant does not comply with any provision, stipulation or other term of the Underwriting Manual, the Reinsurer shall have complete discretion to reduce its liability in respect of any or all claims by the Cedant by the monetary value of any loss, liability or inconvenience that the Reinsurer suffers, or reasonably estimates it is reasonably likely to suffer, as a consequence of such non-compliance.

Ex gratia Payment (*subject to change)	Reinsurance Treaty	<p>A payment made where the liability of the Cedant does not comply with any express term of any Household Premises Insurance, including a payment for any failure in respect of customer service.</p> <p>an Actual Payment that has been or shall be made in circumstances where</p> <ul style="list-style-type: none"> • the liability of the Cedant so to make it has not, or shall not have, been determined in accordance with Article 5, or • the meaning or effect of any determination in accordance with Article 5 is, was or shall be in whole or part that – <ul style="list-style-type: none"> ○ there is, was or shall be no liability to make such Actual Payment, or ○ any liability to make such Actual Payment did, does or shall not accord with any express written term of any Household Premises Insurance, and, by way of example, <p>a payment for any failure in respect of customer service or treatment shall be deemed to fall into one or more of the aforesaid circumstances.</p> <p>a payment for failure in respect of customer service or treatment as aforesaid excludes any liability of the Cedant arising directly, wholly and solely from a determination made by the Financial Ombudsman Service as to the meaning of any express term of any Household Premises Insurance, but includes liability of the Cedant arising otherwise.</p> <p>a payment made in good faith by a Cedant in connection with a policy wording dispute will not be treated as an ex gratia payments.</p> <p>a payment for periods of alternative accommodation beyond the original policy coverage which occurs through no fault of the Original Insured or the Cedant will be reclaimable under the “follow the fortune” principle and will not be treated as an ex gratia payment.</p>
FCA	Articles	Financial Conduct Authority or any successor appointed from time to time.
FCA Handbook	Scheme Document	The FCA Handbook (as amended or replaced from time to time) published by the Financial Conduct Authority
Financial Year	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	A period of 12 months ending on the 31 st March
Fine Art	Reinsurance Treaty	Fine Art means individual items valued above £25,000 which are of artistic merit, historical value, novel, rare

(*subject to change)		and/or unique including, but not limited to: a) antique and designer-made furniture, paintings, drawings, etchings, prints, photographs, musical instruments, b) tapestries, carpets, rugs, books and manuscripts c) sculptures (inside or outside the home), ornaments, porcelain and glass d) clocks, barometers, mechanical art and objects d'art e) those made of precious metals or precious stones including gold, silver, platinum, pewter and plate and collections, insured as such in original policies, valued above £25,000 that are of artistic merit, historical value, novel, rare and/or unique, including, but not limited to stamp and coin collections, wines, memorabilia and other collectibles such as medals, dolls and guns.
Flood	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	Water, from any source external to a building, which enters a building - (a) at or below ground level, or above ground level, provided that part of the body of such water is at ground level; and (b) does so with a volume, weight or force which is substantial and abnormal. The following do not constitute a flood: (i) the gradual seepage or percolation of water into a building (such as rising damp); (ii) water escaping from a water main, drain, sewer, pipe or other thing inside a building, unless such escape was solely the consequence of a flood falling within paragraphs (a) and (b).
Flood Re Limited	Scheme Document	Means, Flood Re Limited a company limited by guarantee registered in England and Wales with company number 08670444, and designated as the FR Scheme administrator pursuant to the Designation Regulations
Flood Reinsurance	Reinsurance Treaty	One or more contracts of reinsurance (as such term is understood pursuant to the Law) in respect of any Flood Risk and/or Household Premises Insurance, including Inwards Reinsurance
Flood Risk Element	Underwriting Manual & Reinsurance Treaty (Flood Re contractual documents)	Means any and all: risks of damage, loss and/or liability arising out of or in connection with any flood, exposures to such risks, and damage, loss and/or liability (including claims) arising out of or in connection with such risks and/or exposures, potentially or actually (as matter of fact or law) assumed, faced, incurred or suffered by any person, or otherwise, in respect of any Dwelling, Household Premises Contents and/or other property.
FR Scheme	The Flood Reinsurance (Scheme Funding and Administration)	The scheme described in the Scheme Document dated 16 th March 2015 and designated as the Flood

	Regulations 2015	Reinsurance Scheme by the Designation Regulations.
FR Scheme Administrator	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	The body designated by the Designation Regulations.
FRid		The Flood Re identifier, a unique property reference number created by the FR Managing Agent and attached to a specific property on the Property Tax Hub. This is an essential part of the Flood Re solution.
FSMA	Reinsurance Treaty	Financial Services and Markets Act 2000
FSMA Obligation	Scheme Document	Any obligation which the FR Scheme administrator is subject to under or by virtue of FSMA
GWP (Gross Written Premium)	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	<p>A relevant insurer's "gross written premium" means the aggregate sterling amount paid or payable by, or on behalf of, holders of home insurance for the relevant risk element of home insurance, before the deduction of any amount (including commission), but after the deduction of insurance premium tax;</p> <p>A relevant insurer's gross written premium must be increased by the amount of any gross written premium paid or payable for the relevant preceding calendar year for "transferred home insurance";</p> <p>"transferred home insurance" means the rights and liabilities arising out of, or in connection with, home insurance, where the home insurance –</p> <p>(a) formed the whole, or part, of an insurance business carried on by a person ("A"),</p> <p>(b) the insurance business, or that part, has been transferred to, or has otherwise vested in, the relevant insurer in the preceding calendar year, and</p> <p>(c) (A) is not a relevant insurer on the date on which the levy is due under regulation 9 of the Regulations.</p> <p>When calculating a relevant insurer's gross written premium, home insurance shall be taken to cover only the relevant risk element unless the contrary is shown by the relevant insurer to the reasonable satisfaction of FR Scheme Administrator;</p> <p>"the relevant risk element", in relation to home insurance, is any risk of damage to, or the loss or destruction of, either or both of the following –</p> <p>(a) a dwelling;</p> <p>(b) the contents of a dwelling</p>
Home Insurance	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	<p>"Home insurance" means a contract of insurance which—</p> <p>includes cover for any risk of damage to, or loss or destruction of, either or both—</p>

		<p>a dwelling; or</p> <p>the contents of a dwelling; and</p> <p>meets the criteria relating to “home insurance” set out below;</p> <p>The insurance contract must cover the contents of a dwelling and/or the structure of a dwelling which may include fixtures and fittings, swimming pools, permanently fixed hot tubs, tennis courts, patios, terraces, service tanks, drains, septic tanks, pipes and cables, central heating fuel storage tanks, driveways, footpaths, garden walls, hedges, gates and fences.</p> <p>The insurance contract must be held in the name of, or on trust for, one or more individuals or by the personal representative of an individual.</p> <p>The dwelling or its contents must be insured on an individual basis.</p> <p>The individual (or one of the individuals) referred to in paragraph 2 above, or their immediate family, must live in the dwelling for some or all of the time (whether or not with others) or the dwelling must be unoccupied.</p>
Household Premises	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	<p>“Household premises” means:</p> <ul style="list-style-type: none"> (a) a dwelling which meets the criteria relating to “household premises” set out in 4.7 – 4.9 of the FR Scheme (repeated below); or a) a building in the United Kingdom which is held for private residential use and comprises two or three residential units, and includes any garage, shed or other building which forms part of, and is enjoyed with, the building, and which meets the criteria relating to “household premises” set out in 4.7 – 4.9 of the FR Scheme (repeated below). <p>This below sets out the criteria for “household premises”.</p> <p>In the case of a dwelling falling within (a) of the definition of “household premises” (above):</p> <ul style="list-style-type: none"> i. if it is in England, it must be in valuation band A to H for Council Tax as set out in section 5(2) of the Local Government Finance Act 1992; ii. if it is in Wales, it must be in valuation band A to I for Council Tax as set out in The Council Tax (Valuation Bands) (Wales) Order (SI 2003 No. 3046 (w.289)); iii. if it is in Scotland, it must be in valuation band A to H for Council Tax as set out in section 74(2) of the Local Government Finance Act 1992; iv. if it is in Northern Ireland, it must have a

		<p>value at 1st January 2005 as set out in the Rates (Capital Values, etc.) (Northern Ireland) Order 2006; and</p> <p>v. it must have been added to the Council Tax Valuation list (or equivalent) or been constructed (as determined by such list) before 1st January 2009.</p> <p>In the case of a building falling within (b) of the definition of “household premises” (above), each of the residential units:</p> <ul style="list-style-type: none"> i) if it is in England, must fall within (i); ii) if it is in Wales, must fall within (ii); iii) if it is in Scotland, must fall within (iii); iv) if it is in Northern Ireland, must fall within (iv); and v) it must have been added to the Council Tax Valuation list (or equivalent) or been constructed (as determined by such list) before 1 January 2009. <p>The “household premises” must also be covered by a contract of insurance which includes cover for any risk of damage to, or loss or destruction of, either or both –</p> <ul style="list-style-type: none"> - the household premises; or - the contents of the household premises which consists of a dwelling; and - meets the following criteria below: <ol style="list-style-type: none"> 1. The insurance contract must be held in the name of, or on trust for, one or more individuals or by the personal representative of an individual. 2. The household premises or its contents must be insured on an individual basis. 3. The insurance contract must cover the contents of household premises which consist of a dwelling; and/or insurance falling within criteria 4 or 5 below. 4. If the insurance contract is a buildings policy or a combined policy which (in either case) covers a dwelling – <ul style="list-style-type: none"> a. the dwelling is held on a freehold basis or is a commonhold unit for the purposes of Part I of the Commonhold and Leasehold Reform Act 2002 or is a flat in a tenement for the purposes of the Tenements (Scotland) Act 2004 or, if the dwelling is held on a leasehold basis, the leaseholder insures the structure of the dwelling, and b. the individual (or one of the individuals) referred to in (1) above or their immediate family, must live in the dwelling for all or some of the time (whether or not with others) or the dwelling must be unoccupied.
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		<p>5. If the insurance contract is a buildings policy or a combined policy which (in either case) covers household premises which fall within paragraph b (above) of the definition of “household premises”, the household premises are held on a freehold basis and are insured by the freeholder or by an owner of a share of the freehold who lives for all or some of the time (whether or not with others) in one of the residential units.</p>
Immediate Family		Flood Re will align with insurer’s definition.
Internal Model	Articles	The model used by the Company to calculate the capital requirement which, after approval by the PRA, will be the same as the Solvency Capital Requirement
Inwards Reinsurance	Scheme Document	Insurance obtained by relevant insurers from the FR Scheme administrator.
Inwards Reinsurance Premium	Membership Agreement	The consideration payable by an Inwards Reinsured for Inwards Reinsurance determined by Flood Re in accordance with the FR Scheme
Judicial Review	HM Treasury: Managing Public Money – July 2013	A procedure by which the courts can review the legality of decisions and actions of public authorities, including the government. Judicial review looks at the fairness of the decision-making process rather than the merits of the decision itself.
Law	Articles	<p>Any law, Subordinate Legislation, enforceable within the meaning of Section 2 of the European Communities Act 1972, regulation, order, regulatory policy, mandatory guidance or code of practice, judgment of a relevant court of law, or directives or requirements with which the Company is bound to comply and in force from time to time, including (without limitation)</p> <ul style="list-style-type: none"> • the Acts; • the Financial Services and Markets Act 2000, and the Subordinate Legislation made under it; • the Lloyd’s Act 1982; • the Water Act and the Subordinate Legislation made under it; • any implementation, to the extent there is no direct effect, in the United Kingdom of the Solvency II Directive (2009/138/EC); and • any directly applicable EU legislation;
Liability Limit	Scheme Document	The FR Scheme administrator’s liability to relevant insurers is capped at an annual aggregate loss amount which will be set in pounds sterling and communicated to the Secretary of State by Flood Re Limited’s Chief Executive Officer prior to coming into force of the Regulations, and will be incorporated by reference as part of the FR Scheme (the “Liability Limit”).
Loss Adjuster Fees	Reinsurance Treaty	The fees of loss adjusters, surveyors, engineers and others specialist agents.

Member	Scheme Document	A relevant insurer which is a corporate member of Flood Re Limited
Mobile Home	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	A caravan within the meaning of Part 1 of the Caravan Sites and Control of Development Act 1960 (disregarding the effect of section 13(2) of the Caravan Sites Act 1968), which is occupied by the occupier as their only or main residence.
MOU		The memorandum of understanding between the ABI, on behalf of its members, and the UK Government dated June 2013 which relates to, <i>inter alia</i> , the establishment of Flood Re
National Audit Office (NAO)	HM Treasury: Managing Public Money – July 2013	A corporate Parliamentary body set up to provide resources, support and constructive challenge to the C&AG.
Non-Member	Scheme Document	A relevant insurer which is not a corporate member of Flood Re Limited
Office for National Statistics (ONS)	HM Treasury: Managing Public Money – July 2013	The independent body responsible for collecting and publishing official statistics about the UK's society and economy.
Original Insured	Reinsurance Treaty	An Eligible Policyholder of a contract of Household Premises Insurance
Outwards Reinsurance	Scheme Document	Insurance obtained by the FR Scheme administrator from the market.
Payment Dispute	Membership Agreement	A dispute relating to or otherwise connected with liability for or the amount of a Payment or Payments (in whatever form the Payment is demanded, levied, or otherwise called for)
Payments	Membership Agreement	A Type A Payment and/or a Type B Payment
PRA	Scheme Document	Prudential Regulation Authority or any successor appointed from time to time
PRA Handbook	Scheme Document	The PRA Handbook and/or Rulebook (as applicable) published by the Prudential Regulation Authority (as amended or replaced from time to time)
Preceding calendar year	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	In relation to a financial year, means the year ending on 31st December immediately preceding the financial year
Property Tax Hub		The Flood Re database recording all domestic properties in the U.K, Wales, Scotland and Northern Ireland. Each property will have an associated Property Tax band and also a year of build flag to denote properties built before 01st January 2009.
Rebuilding Cost		The rebuilding cost of a property is the amount it would cost to rebuild if it were destroyed. In addition to the costs of materials and labour, professionals' fees - such

		as architects and surveyors.
Regulations	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	The Flood Reinsurance (Scheme Funding and Administration Regulations) 2015
Reinsurer	Reinsurance Treaty	Has the meaning given in the Treaty (Flood Re) and, for the avoidance of doubt, is intended to be the same person, with the same rights, powers and obligations, as the FR Scheme Administrator, as such term is defined in the Regulations
Relevant Insurer	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	<p>An insurer is a relevant insurer in a financial year, if the insurer:</p> <p>(a) (i) effected any home insurance in the period of 12 months immediately preceding the first day of the financial year; and</p> <p>(ii) has permission under the Financial Services and Markets Act 2000 which allows the insurer to effect and carry out home insurance on the first day of the financial year; or</p> <p>(b) is a member of the Society (within the meaning of the Lloyd's Act 1982) and, as such a member –</p> <p>(i) effected any home insurance during the period of 12 months immediately preceding the first day of the financial year; and</p> <p>(ii) on the first day of the financial year, intends to effect further home insurance during the financial year.</p> <p>For the purposes of paragraph (b), an insurer who falls within paragraph (b)(i) shall be taken to fall within paragraph (b)(ii) unless the contrary is shown by the insurer to the reasonable satisfaction of the FR Scheme administrator.</p>
Relevant Risk Element	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	<p>In relation to home insurance, is any risk of damage to, or the loss or destruction of, either or both of the following–</p> <p>(a) a dwelling; or</p> <p>(b) the contents of a dwelling.</p>
Relevant Rules	Articles	Any regulation or order, or regulatory policy, guidance or code of practice, or judgment, order or other decision that embodies, constitutes, sets forth or explains the Law, or compliance therewith, or interpretation, implementation or enforcement thereof, provided that any of the foregoing is made pursuant to the Law, including any of the foregoing that appears in the Handbook, in particular as to the prevention of any insurer from becoming insolvent or failing to effect or carry out of contracts of insurance on a solvent or financially sound basis
Retrocession	Membership Agreement	One or more contracts of reinsurance (as such term is understood pursuant to the Law) at any time pursuant to which Flood Re shall be reinsured by one or more

		Retrocessionaires
Retrocessionaire	Membership Agreement	A party that reinsures Flood Re pursuant to the terms of a Retrocession
Reinsurance Premium	Underwriting Manual	The consideration payable by an Inwards Reinsured for Inwards Reinsurance determined by Flood Re in accordance with the FR Scheme
Scheme Document	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	The Scheme Document annexed to the Explanatory Memorandum available alongside the Regulations and can be found at www.legislation.gov.uk . A copy can also be obtained from Flood Re Limited at their current registered office which is 51 Gresham Street, London, EC2V 7HQ.
Secretary of State	Articles	The Secretary of State for Environment, Food and Rural Affairs
Solvency Capital Requirement or SCR	Scheme Document	Shall have the meaning set out in the PRA Handbook
Static Caravan		Static caravans, also called holiday caravans and single units, are designed to be moved in one complete section but don't need to be road legal. Because of their size and weight they are delivered and moved by transporters. They are manufactured with wheels solely to manoeuvre on site. They are built to BS EN 1647.
Subrogation		Subrogation is the right for an insurer to pursue a third party that caused an insurance loss to the insured. This is done as a means of recovering the amount of the claim paid to the insured for the loss.
Subordinate Legislation	Reinsurance Treaty	Has the meaning given by section 21 of the Interpretation Act 1978 and for the purposes of this Treaty shall include the Regulations and Designation Regulations
Tax	Reinsurance Treaty	Any fee or other charge or obligation to pay arising pursuant to the Law, including Value Added Tax, National Insurance, Insurance Premium Tax and Council Tax
Treaty	Reinsurance Treaty	The Inwards Reinsurance between the Reinsurer and the Cedant
The Act	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	The Water Act 2014.
The Regulations	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	The Flood Reinsurance Scheme (Funding and Administration) Regulations 2015.
Type A payment	Scheme Document	(also known as Levy 1) A payment made or due to be made by a relevant insurer in accordance with section 66(1)(a) of the Water Act and regulations 8 and 9 of the Regulations which shall be a levy
Type B payment	Scheme Document	(also known as Levy 2) A payment made or due to be made by a relevant insurer in accordance with section 66(1)(b) of the Water Act and regulations 10, 11 and 12

		of the Regulations which shall be a levy or a contribution
UK / United Kingdom	Reinsurance Treaty	England, Wales, Scotland and Northern Ireland (and, for the avoidance of doubt, excluding the Isle of Man and the Channel Islands)
Ultimate Net Loss (*subject to change)	Reinsurance Treaty	<p>The amount of Actual Payment in respect of Covered Loss that exceeds the Excess, and</p> <p>(a) litigation and other expenses reasonably incurred by the Cedant in connection with the adjustment of Covered Loss, including Loss Adjuster Fees, but not</p> <p>(b) office expenses and salaries of the Cedant attributable to any of the foregoing.</p>
Value for money	HM Treasury: Managing Public Money – July 2013	Ensuring that the organisation's procurement, projects and processes are systematically evaluated to provide confidence about suitability, effectiveness, prudence, quality, value and the avoidance of error and other waste, judged for the public sector as a whole.
Water Act	The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015	The Water Act 2014
Underwriting Manual	Reinsurance Treaty	The terms, as set out in or appended in the Treaty, on which the Cedant is permitted or required, in order to become and remain a Cedant, to effect and carry out Household Premises Insurance
Water Act Provision	Reinsurance Treaty	Any provision of the Water Act 2014 and the Subordinate Legislation made under it, including the Regulations