

September 2018

RECORD SUMMER EXPECTED TO CAUSE **SUBSIDENCE CLAIMS SURGE**

After one of the hottest summers on record, UK insurers are now bracing themselves for a surge in subsidence claims.

According to the Met Office, 2018 was the joint hottest summer on record for the UK as a whole, and the hottest ever for England.

It said the average summer temperature this year across the UK was 15.80C, marginally above 1976 (15.77C), when there was a widespread drought; 2003 (15.77C), when the highest temperature ever was recorded in the UK; and 2006 (15.78C), when the record for the hottest month was set.

The Met Office noted, however, that the differences between the average temperatures of all four years was so small that it has been impossible to separate them statistically.

The heatwave saw soaring temperatures across much of the UK throughout June and July, though the dry, sweltering conditions eventually gave way to a more average August, according to official statistics.

While ice-cream sellers and UK holidaymakers may have rejoiced at the weather, the sweltering temperatures are potentially bad news for insurers, with the risk of subsidence greatly increased. This is especially true for those properties built on clay soil near trees, when the loss of moisture in the soil causes it to dry and shrink. Instability in the soil and the resulting ground movement impacts on the foundations of buildings, and with shifting foundations comes the potential for property damage.

According to claims specialist Sedgwick, the summer weather trend and the increase in potential for subsidence is of great concern in places such as London, where many of the city's homes are constructed on clay-based soils.

Existing figures make stark reading. Sedgwick said that based on the company's weekly update on current subsidence volumes, there had been a rise of more than 350% over the six weeks prior to 23 August, with this figure likely to rise further.

Indeed, data from the UK's Meteorological Office Rainfall and Evaporation Calculation System (MORECS) showed the biggest changes for several years, as the effect of the prolonged dry, sunny weather started to show in readings, which increased threefold over the summer.

Insurers have also reported increased incidences of subsidence. Heather Smith, Managing Director of LV's general insurance business, noted that "homes across the UK have certainly been suffering as a result of the heatwave and in July alone reports of subsidence were up by 20% compared to the same time last year".

Britain's last serious heatwave in the summer of 2003 resulted in subsidence claims of £390m, according to the Association of British Insurers.

According to underpinning specialist, Geobar, subsidence is a special risk to commercial property, with pipework and electrical wiring under threat from the sinking and movement of walls. As such, it adds, business property owners have the added threat of legal action potentially being taken against them if these risks become a reality.*

Towergate CEO of Advisory Broking, Joe Thelwell says, 'A lack of subsidence cover is a potential uninsured risk or gap in cover. Clients should check they have adequate insurances in case they are threatened by this risk'.

*Geobar: Catastrophic Consequence of Subsidence.

For more information or for a full review of your needs, please speak to your usual Towergate Insurance Brokers contact or email us at advisorymarketing@towergate.co.uk