From Elizabeth Truss
Secretary of State for Environment, Food, and Rural Affairs

Dear Anne,

Thank you for your letter of 8 January 2015 requesting an update on market monitoring undertaken by the Government and by industry with respect of those leasehold properties not covered by Flood Re.

We have engaged Ipsos Mori to undertake a project to monitor the market. They are currently analysing the results of this monitoring, including responses from properties held in large leasehold blocks. We will publish the findings when the research has concluded.

We continue to pass on information about individual cases to the Association of British Insurers (ABI) to consider. The ABI are also carrying out regular surveys of their members about the state of the market for leasehold properties. The ABI continue to assure us that there is sufficient capacity in the market to continue to provide insurance to these groups on a competitive basis.

As you will be aware, the Government consulted widely over the summer on the proposed secondary legislation for Flood Re, which set out the approach to this exclusion. Following the views received during the consultation, we remain of the view that there is insufficient evidence of a systematic problem with leasehold buildings covering more than three residential units.

As you may have seen from the Government response to the consultation published on 18 December 2014, we have made no changes to the policy on the leasehold sector, except that some leasehold flats are no longer expected to contribute towards Scheme funding (these particular flats remain eligible for Flood Re).

Best wishes,

Elizabeth Truss MP
Secretary of State for the Environment, Food and Rural Affairs