



# Water Act 2014

## 2014 CHAPTER 21

### PART 4

#### FLOOD INSURANCE

##### *The Flood Reinsurance Scheme*

#### 64 The Flood Reinsurance Scheme

- (1) For the purposes of this Part, the Flood Reinsurance Scheme is a scheme which—
  - (a) is established for the purpose mentioned in subsection (2), and
  - (b) is designated for the purposes of this Part by regulations made by the Secretary of State.
- (2) The purpose referred to in subsection (1)(a) is the purpose of providing reinsurance to relevant insurers in respect of such risks arising from a flood as are identified by the scheme, in such a way as to—
  - (a) promote the availability and affordability of flood insurance for household premises while minimising the costs of doing so, and
  - (b) manage, over the period of operation of the scheme, the transition to risk-reflective pricing of flood insurance for household premises.
- (3) The Secretary of State may by regulations make provision as to levels of reinsurance premiums payable by relevant insurers under the FR Scheme, and may make different provision for different purposes.
- (4) Regulations under subsection (3) may, in particular, make different provision for different purposes by reference to the value of the household premises insured.
- (5) In this section “flood insurance” means insurance in respect of risks arising from a flood.
- (6) In this Part, the Flood Reinsurance Scheme is called “the FR Scheme”.

## **65 Scheme administrator**

- (1) The FR Scheme is to be administered by a body designated by regulations made by the Secretary of State.
- (2) The Secretary of State may under subsection (1) designate a company registered under the Companies Act 2006 or a body of another kind.
- (3) In this Part, the body designated under subsection (1) is called “the FR Scheme administrator”.

## **66 Scheme funding**

- (1) The Secretary of State may, with the consent of the Treasury, make regulations requiring relevant insurers to pay to the FR Scheme administrator—
  - (a) a levy, the amount and timing of which is to be determined in accordance with the regulations;
  - (b) such further amounts, by way of levy or contribution, as may be requested by the FR Scheme administrator from time to time in accordance with the FR Scheme.
- (2) Regulations under subsection (1) may make provision as to—
  - (a) the circumstances in which a request under subsection (1)(b) may be made;
  - (b) the amounts that may be requested under subsection (1)(b).
- (3) The Secretary of State may by regulations make provision for amounts payable under subsection (1) to be recoverable summarily (or in Scotland recoverable) as a civil debt.
- (4) The Secretary of State may by regulations make provision as to the application of any amounts paid under subsection (1).
- (5) The Secretary of State may by regulations provide that, where such conditions as are specified in the regulations as regards the reserves of the FR Scheme are satisfied, the FR Scheme administrator must pay to the Secretary of State an amount of the reserves to be determined in accordance with the regulations.
- (6) Regulations under subsection (5) may—
  - (a) define “reserves”;
  - (b) make provision about determining the amount of the reserves of the FR Scheme.
- (7) Before making regulations under subsection (5), the Secretary of State must obtain the consent of the FR Scheme administrator, which is not to be unreasonably withheld.

## **67 Scheme administration**

- (1) The Secretary of State may by regulations make provision in connection with the administration of the FR Scheme.
- (2) Regulations under subsection (1) may require the FR Scheme administrator to have regard to the following in discharging its functions—
  - (a) the need to ensure economy, efficiency and effectiveness in the discharge of those functions,
  - (b) the need to act in the public interest,

- (c) the need to ensure propriety and regularity in the operation of the FR Scheme, and
  - (d) the need to manage, over the period of operation of the FR Scheme, the transition to risk-reflective pricing of flood insurance for household premises.
- (3) Regulations under subsection (1) may require the FR Scheme administrator to produce and publish, in accordance with the regulations, a plan for achieving the transition mentioned in subsection (2)(d).
- (4) Regulations under subsection (1) may require the FR Scheme administrator to provide the following information to relevant insurers who have issued insurance policies that are reinsured under the FR Scheme, so that those insurers may supply the information to holders of those policies—
  - (a) information about how to find out about the levels of flood risk to which an area in which household premises are situated is subject and how any flood risk may be managed;
  - (b) information about the FR Scheme, including information about the effect of section 64(2)(b) (transition to risk-reflective pricing of flood insurance for household premises).
- (5) Regulations under subsection (1) may—
  - (a) limit, to any extent, the power of the FR Scheme administrator to borrow money or otherwise incur debt;
  - (b) make provision about the reserves of the FR Scheme, including limitations on draw downs and transfers;
  - (c) require the FR Scheme administrator to take steps to limit the overall net losses that may be incurred by the FR Scheme in any year to an amount specified in or determined in accordance with the regulations;
  - (d) provide for the form and contents of the FR Scheme’s accounts;
  - (e) provide for a copy of the audited FR Scheme’s accounts and a copy of the auditor’s report on those accounts to be laid before Parliament;
  - (f) provide for the Comptroller and Auditor General to examine—
    - (i) the economy, efficiency and effectiveness with which the FR Scheme administrator has used resources in discharging its functions, and
    - (ii) the propriety and regularity in the operation of the FR Scheme, and for a report on any such examination to be laid before Parliament;
  - (g) provide that for the purposes of an examination under paragraph (f)—
    - (i) the Comptroller and Auditor General is to have a right of access at all reasonable times to any of the documents relating to the FR Scheme, and
    - (ii) a person who holds or has control of any of those documents is to give the Comptroller and Auditor General any assistance, information or explanation which the Comptroller and Auditor General requires in relation to any of those documents.
- (6) Regulations under subsection (1) may—
  - (a) require the FR Scheme administrator to designate an individual of a description specified in the regulations as the responsible officer of the FR Scheme;
  - (b) provide for the responsible officer to have such responsibilities in respect of—
    - (i) the FR Scheme’s finances,

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*Status: This is the original version (as it was originally enacted).*

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- (ii) the FR Scheme’s accounts,
  - (iii) accountability to Parliament for the economy, efficiency and effectiveness with which the FR Scheme uses resources in discharging its functions,
  - (iv) accountability to Parliament for propriety and regularity in the operation of the FR Scheme, and
  - (v) examinations and reports under subsection (5)(f),
- as are specified in the regulations.
- (7) Regulations under subsection (1) may make provision about the disclosure of information required for the purposes of the FR Scheme and may, in particular, require relevant insurers to supply to the FR Scheme administrator such information as it may request in relation to insurance policies issued by them.
- (8) Regulations under subsection (1) may provide for the supply by the FR Scheme administrator of information held by it in connection with the FR Scheme to—
- (a) the Environment Agency,
  - (b) the Scottish Environment Protection Agency,
  - (c) the Natural Resources Body for Wales,
  - (d) the Department of Agriculture and Rural Development in Northern Ireland, or
  - (e) such other body as may be specified in the regulations.
- (9) Regulations under subsection (1) may provide for the supply by the FR Scheme administrator of information held by it in connection with the FR Scheme to the Secretary of State for purposes relating to government accounting.
- (10) Subsections (2) to (9) are not exhaustive of what may be done under subsection (1).
- (11) In this section—
- “flood insurance” has the meaning given in section 64;
  - “the FR Scheme’s accounts” means the accounts for a financial year of the FR Scheme prepared by the FR Scheme administrator in respect of the FR Scheme.

## **68 Replacement of the scheme or administrator**

- (1) Where regulations under section 64 replace the FR Scheme by revoking a designation and making a new designation, the regulations may make such provision as the Secretary of State thinks fit in connection with the replacement of the old FR scheme with the new FR scheme.
- (2) Where regulations under section 65 replace the FR Scheme administrator by revoking a designation and making a new designation, the regulations may make provision for the transfer of property, rights and liabilities (whether or not otherwise capable of being transferred, and including pension liabilities in respect of staff) relating to the FR Scheme from the old administrator to the new administrator.

## **69 Disclosure of HMRC council tax information**

- (1) The Commissioners for Her Majesty’s Revenue and Customs may disclose relevant HMRC council tax information to any person who requires that information for either of the following descriptions of purposes—

- (a) purposes connected with such scheme as may be established and designated in accordance with section 64 (in any case arising before any scheme is so designated);
  - (b) purposes connected with the FR Scheme (in any case arising after the designation of a scheme in accordance with section 64).
- (2) A person to whom information is disclosed under subsection (1)(a) or (b)—
  - (a) may use the information only for the purposes mentioned in subsection (1)(a) or (b), as the case may be;
  - (b) may not further disclose the information except with the consent of the Commissioners.
- (3) In this section—
  - “HMRC council tax information” means information which is held for council tax purposes by the Valuation Office of Her Majesty’s Revenue and Customs;
  - “relevant HMRC council tax information” means HMRC council tax information relating to premises which are household premises and consisting of any of the following—
    - (a) the address (including the postcode) of the premises;
    - (b) the council tax valuation band in which the premises fall;
    - (c) information about when the premises were constructed;
    - (d) the National Land and Property Gazetteer unique property reference number for the premises;
    - (e) the unique address reference number allocated to the premises by the Valuation Office of Her Majesty’s Revenue and Customs.
- (4) The Secretary of State may by regulations amend the definition of “relevant HMRC council tax information” in subsection (3).
- (5) If the Secretary of State by regulations under subsection (4) amends the definition of “relevant HMRC council tax information” to add further descriptions of information, those regulations may include the provision described in subsection (6).
- (6) The regulations may provide that if a person discloses, in contravention of subsection (2)(b), information which is relevant HMRC council tax information by virtue of the regulations and which relates to a person whose identity—
  - (a) is specified in the disclosure, or
  - (b) can be deduced from it,section 19 of the Commissioners for Revenue and Customs Act 2005 (wrongful disclosure) applies in relation to that disclosure as it applies in relation to a disclosure, in contravention of section 20(9) of that Act, of revenue and customs information relating to a person whose identity is specified in the disclosure or can be deduced from it.
- (7) The Secretary of State must consult the Commissioners for Her Majesty’s Revenue and Customs before making regulations under subsection (4).