



Summer Floods 2007

Many business properties were flooded during the summer 2007 floods, resulting in damage to premises, equipment and fittings, and loss of stock. They also suffered disruption of business.

The method of cost estimation is similar to that used for domestic properties, namely identifying the number of properties affected and the average cost of damage. There are similar challenges interpreting available data.

Estimates of the number of commercial properties flooded ranged between 7,100 and 7,300 according to Efra (2007) and Pitt (2008) respectively. The ABI subsequently estimated that 8,000 business premises had been affected.

There were, according to the ABI in June 2009, 35,000 insurance claims by businesses associated with the summer 2007 floods, far exceeding the number of commercial properties that were reportedly flooded. This is presumably because businesses submitted claims against more than one insurance policy, and possibly because multiple claims were made on individual policies.

In addition to damage costs, some businesses claimed compensation from insurance for disruption to businesses where this involved extra costs and lost income. Based on ABI sources, for the latter part of 2007, £160 million was claimed for this purpose.

This is probably an underestimate. It is known, for example, that disruption was acute in many locations, such as in Sheffield where disruption to business was reported at £50 million. It is assumed here that the disruption to and loss of trade was not made good by domestic businesses that were not flooded.

Total economic costs associated with business impacts are therefore £740 million.

