



Subsidence View – 9th July 2020

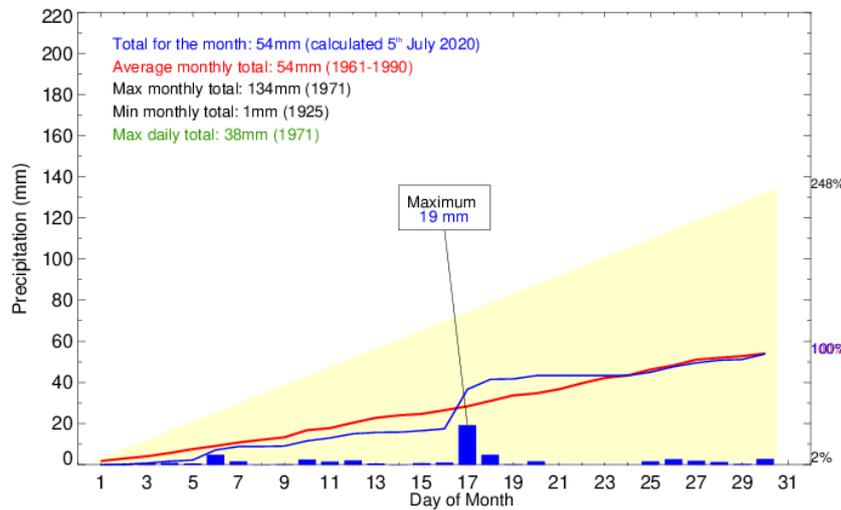
The MORECS measure of Soil Moisture Deficit currently lies between the two significant surge years of 2018 and 2003. The current Subsidence Surge Risk is now assessed as “Rising Amber”, but will 2020 develop into a full blown surge event year?



June saw mixed weather, with the hottest day of the year so far recorded at 32.6C. Rainfall in the clay soil areas of the South East was 100% of average in June, but this will have had little impact in addressing the below average rainfall recorded across spring 2020. However, other areas have been much wetter with England and Wales experiencing 150% of average rainfall overall.

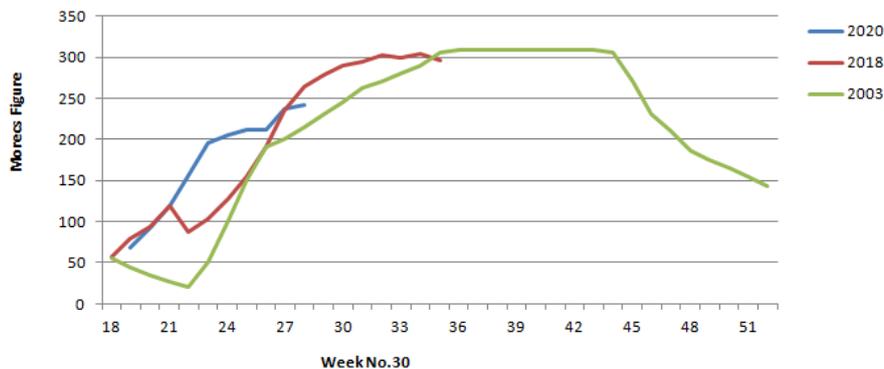


South East England Precipitation
Daily Totals June 2020



In early June, the step rise in the MORECS measure of Soil Moisture Deficit slowed in response to the rain, but has now stepped upwards again following the very hot month end temperatures. It is currently lying between the two significant surge years of 2018 and 2003.

MORECS Square 161



So does the elevated MORECS mean there will be another large surge of claims similar to 2018?

This is still a real possibility, but previous experience tells us that whilst an extended period of dry weather before summer can prime and increase the amplitude of summer claim numbers, the primary cause of a surge is an extended period of exceptionally hot and dry weather between June and September and both the 2018 and 2003 surges were triggered by record breaking summer temperatures. However, when the maximum MORECS was reached in 2011 there was a significant increase in claims - but no surge - as temperatures/rainfall in July and August were fairly average.

So what does the 2nd half of the summer weather look like?

St. Swithin's Day falls on the 15th July and folk law says whatever the weather is like on that day, it will continue for the next 40 days and nights. Although the saying is not literally correct, some forecasters consider there is an element of truth in it because by this time of the year the summer weather patterns are established.

The tabloids are certainly upbeat with the Express reporting "UK weather forecast: 31C heatwave to SCORCH Britain as new charts turn red-hot for 10 DAYS" <https://www.express.co.uk/news/weather/1306261/UK-weather-forecast-heatwave-charts-latest-met-office-long-range-july-2020>

However, the Met Office and BBC are more balanced and are both continuing their recent strategies of limiting their forecasts to 30 days ahead.

- The BBC forecast published 8th July indicates: "After a cool spell this week with some wet and dull weather in the south, high pressure will take over from this weekend and stick around for the bulk of next week. This high will bring in some warmer tropical air and help recover the temperatures, while also bringing a risk of some heat in the south. For the second half of July we expect low pressure tracks to be nearby to the north resulting in some quite changeable weather heading into August. <https://www.bbc.co.uk/weather/outlook>
- The Met Office commented for the period 13th to 22nd July it will be "mostly dry and settled for many areas, especially in the south of the UK". Onwards to 6th August "confidence remains low throughout this period, the preferred scenario favours a more settled regime. There should be plenty of dry, fine weather around, though there is still the risk of occasional bouts of rain and strong winds". <https://www.metoffice.gov.uk/weather/long-range-forecast>

Claims Prediction?

BVS consider that the subsidence surge risk is continuing to rise. The deciding factor on the size of claims uplift will be what actually happens next, another heatwave, normal summer weather or a prolonged period of rain? On this basis, the surge risk remains and is currently assessed as "Rising Amber".

However, the weather patterns year to date in the Midlands and North of England are significantly different to 2018, so we consider the most likely outcome is a larger than average seasonal upturn centred towards the south east of England, rather than a full blown national surge. Our prediction for 2020 is for ABI claim numbers to be higher than the 2015/16/17 three year "business as usual" average of 16,000. We recommend that insurers continue to review their surge response plans and remain vigilant, as any upturn (or surge) could arrive very quickly. This year there is also the added dimension of safe working in accordance with Covid 19 restrictions to factor in.

If you would like to talk to us about how BVS Subsidence can help with your subsidence surge plan or improve your approach to subsidence claims generally, please contact us.