

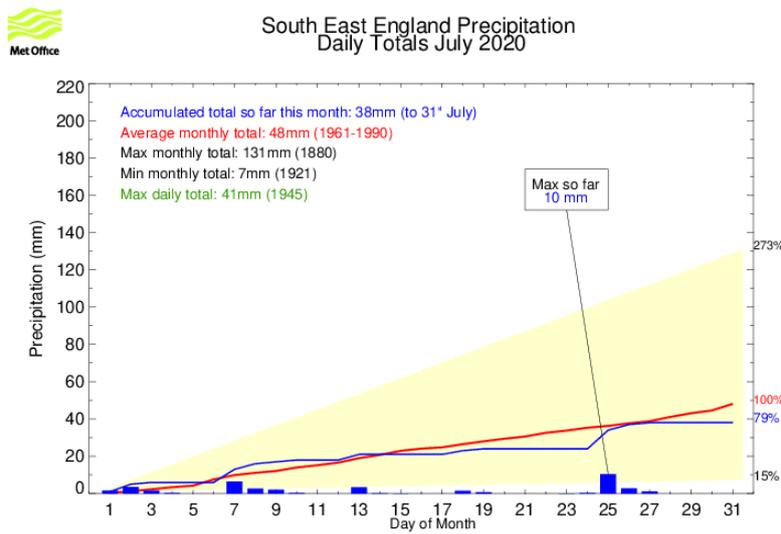


# Subsidence View – 4<sup>th</sup> August 2020

The MORECS measure of Soil Moisture Deficit remains 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?

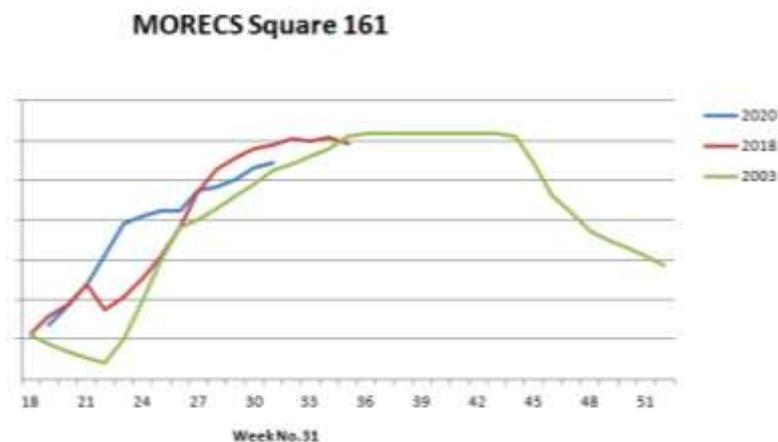


Rainfall in the clay soil areas of the South East was 79% of average in July. In addition, the late July heatwave saw the UK's 3<sup>rd</sup> highest ever temperature being officially recorded. So whilst there has been some rainfall this will have had little impact in addressing the below average figures recorded across spring 2020.



However, others areas of the country have experienced more mixed weather, with 121% of average rainfall recorded in central England.

The MORECS measure of Soil Moisture Deficit (measured at square 161 in the southeast) lies between the two significant surge years of 2018 and 2003.



## 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.

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. And from a similar position in 2015, the summer petered out and the MORECS actually dropped during August.



## So what does the August weather look like?

The Met Office and BBC are both continuing their recent strategies of limiting their forecasts to 30 days ahead.

- The BBC forecast to 9<sup>th</sup> August is “an unsettled few days; turning hot again later”, to 16<sup>th</sup> August “dry and warm; wet spells later in the week” and to 30<sup>th</sup> August “wettest in the northwest, driest in the south... but considerable uncertainty”. <https://www.bbc.co.uk/weather/outlook>
- The Met Office commented: Following the next mini heatwave due for 7<sup>th</sup> August, towards the 18<sup>th</sup> August “temperatures will trend back to near the average for most areas, with the southeast possibly staying warm... confidence remains fairly low for the last two weeks of August and into early September. There could be some short-lived very warm spells, most likely confined to the south and southeast of the UK”. <https://www.metoffice.gov.uk/weather/forecast/gcx4zrw25#?date=2020-08-04>

## Claims Prediction?

BVS consider that the subsidence surge risk remains. We have seen the first examples of brand new clay shrinkage subsidence which has occurred this year. Many more properties could be “on the edge”.

The deciding factor on the size of claims uplift will be what actually happens next over the next 4-6 weeks, 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.**