



Association of British Insurers

ABI GUIDANCE ON LEGAL POSITION OF RIOT COMPENSATION

Background information

- On current estimates insured losses and damage suffered by individuals and UK businesses are likely to be well over £100 million.
- The ABI has reassured customers that they are covered for riot damage under their home and business insurance and claims will be paid by their insurer as quickly as possible.
- When a riot happens police compensation schemes are activated to cover organisations and individuals against losses that they could not possibly have predicted.
- Contrary to some reports, neither the Home Secretary nor the police need to designate the events as a “riot” for police compensation schemes to be activated. The law sets out a range of criteria for this, for example the number of people causing a disturbance.
- We met with the Home Secretary today and have written to ask her to extend the claims period to the police compensation schemes from the usual 14 days to the maximum 42 days to give people the time they need to assess the damage and submit their claim.
- Insurers’ priority is to support people affected by the riots in London and other major cities, and people are urged to contact their insurer as quickly as possible to start discussing their claim. Many firms have 24 hour helplines and are on hand with support and advice.

The full legal information is below:

1. There is no need for someone to designate the events as being a riot for it to fall within the scope of the police compensation schemes. A number of different criteria can be used, such as number of people involved.
2. Provided the event giving rise to these losses falls within the scope of the offence of “Riot” under section 1 of the Public Order Act those losses will fall within the scope of the loss compensation scheme under sections 2 and 3 of the Riot (Damages) Act 1886. The wording says: "12 or more persons who are present together use or threaten unlawful violence for a common purpose

and the conduct of them (taken together) is such as would cause a person of reasonable firmness present to fear for his personal safety, each of the persons using unlawful violence for the common purpose is guilty of riot."

3. Under this scheme the police/government are required to compensate those individuals and organisations who suffer loss or damage as a result of a riot. There is no cap on the level of compensation that the police may have to pay to those persons under the scheme.
4. The riot loss compensation scheme applies to all persons and organisations who suffer a riot-related loss regardless of whether or not they are insured. Insurers are also able to claim under the riot compensation scheme for the amount of any claims they have to pay out to their policyholders in respect of riot-related losses and damage.
5. In order for a person or organisation to claim under the riot compensation scheme that person is required to lodge his/her claim within **14 days** of the date of the riot giving rise to the loss or damage.
6. However, this 14 day notice period may be extremely difficult, if not impossible, for individuals and businesses to comply with in the current situation. In many cases the properties, residences and businesses damaged and destroyed are currently crime scenes or are entirely unsafe due to structural defects caused by fire for example. In such cases owners are prevented from entering their homes or business premises to assess the damage they have suffered. In this case it is impractical and unreasonable to expect a person or organisation to have properly assessed their situation and have submitted a claim especially as many individuals are likely to be entirely unaware that the riot compensation scheme exists even if they don't have insurance within that very short 14 day period.
7. However, the police (most likely on direction from the Home Secretary) have the ability to extend this 14 day notice period to **42 days**.
8. We have written to the Home Secretary today to ask her to use her authority to instruct the police to issue a direction stating that the compensation claim notification period under section 2 of the *Regulations under the Riot (Damages) Act 1886, as to claims for compensation (1921)* be extended for all claimants from 14 days to 42 days to enable individuals and UK businesses to properly assess and submit their compensation claims for riot-related losses and damage.