

# News Bulletin

## Subsidence

14 September 2010



## Has the recent rainfall dampened the possibility of a subsidence surge?

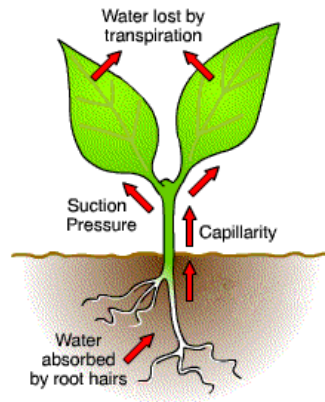
At the time of writing the last subsidence bulletin in mid August, the UK was poised on the brink of a possible 'event year' surge in subsidence claims.

Many Loss Adjusters were promising a huge surge in claims. At Merlin, we chose to temper the frenzy slightly by advising the weeks that followed our bulletin would be critical in determining the size of any increase/surge.

The forecast for more unsettled weather has come true and low pressure has dominated the UK weather in recent weeks. Indeed, it has been the coolest August since 1993 with rainfall well above average in the South and over twice the average for the time of the year in some areas. Up to 4cm of rainfall, over half the monthly average, fell in a single day in southern England in late August.

More rain has fallen since, much of it in regions which were suffering from higher water deficits. Has there been sufficient rainfall in clay shrinkage subsidence prone areas to prevent a surge in subsidence related insurance claims? Only time will tell as some of the damage may already have been done, with the initial rainfall running off rather than permeating and rehydrating the clay matrix.

In addition, deciduous trees are now beginning to shed their leaves and this brings about a natural end to the "moisture pump" of transpiration which stabilises the ground conditions over the winter period.



That said, a year akin to 2003, as had been widely predicted, seems unlikely. We shall of course continue to monitor incoming claim numbers closely, but it is possible the much predicted event year may have been avoided.

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Chief Engineer - Subsidence

## Facts

- Up to 4cm of rainfall, over half the monthly average, fell in a single day in late August
- Despite the high levels of rainfall damage may already have been done
- Coolest August since 1993 with rainfall well above average in the South
- Deciduous trees bring a natural end to moisture pump stabilising ground conditions over the winter period
- Situation continues to be monitored
- Surge plan in place

# News Bulletin

## Subsidence

24 August 2010



**River Ver – St Albans**



## Will the promised subsidence surge be as widespread as predicted?

In early to mid summer, all the indications were that the significant soil moisture deficits, particularly in the South and East Anglia, were indicating a surge in the number of clay shrinkage related subsidence claims likely to be received by Insurers in 2010.

There is no doubt that the MORECS Soil Moisture Deficits measured in July were showing greater than 30mm deficits in some of these regions. Indeed, the percentage of rainfall received in Central Southern England between April and July was as low as 53% of the average, some of the lowest on record.

Therefore, a surge in subsidence related damage to buildings seems extremely likely. Whilst the prevailing weather conditions in the next few weeks may have some effect on the scale of the increase in claim numbers, the likelihood for significant damage occurring to premises in the affected areas during late Summer/Autumn months remains.

**The next few weeks will be critical in determining the size of any increase.**

At the time of writing this bulletin, the consensus of the predictions of various weather experts was for a spell of intense rainfall in the regions currently suffering from the highest moisture deficits. This rainfall experienced may be in the region of 20-30 mm quite widely and up to 50-100 mm locally. As the ground is in such a dry condition only time will tell how much of this water will run off into aquifers before it can begin to raise the moisture content of the clay subsoils themselves

**More unsettled weather is forecast, in the short term.**

A factor unrelated to the weather must not be overlooked when making a judgement on numbers - namely the condition of the housing market. Fewer sales numbers may mean a decrease in the damage being identified at the point of sale, which in turn may temper the number of claims being made this autumn. How much this will have an effect on subsidence claim numbers remains to be seen.

Whatever, the Insurance Industry and its suppliers must remain on alert and prepared for the worst case scenario. The situation is fast moving and is being continuously reviewed and we shall provide an update again in two weeks.

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## Facts

- The next few weeks will be critical in determining the size of any increase
- MORECS Soil Defects measured in July showing greater than 30mm deficits
- Percentage rainfall in Central Southern England between April and July as low as 53% of the average
- A surge in subsidence related claims is likely
- Other key factor is the housing market. Poor housing market has seen a significant decrease in damage identification at point of sale
- Situation is being monitored fully monitored
- Surge plan in place in readiness