



BRIEFING PAPER

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Riot (Compensation) Bill [Bill 13]

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Summary

This Bill proposes to make significant reforms to the existing *Riot (Damages) Act 1886*. That Act is the legal expression of what has been called the 'implied contract' between the public and the police. This requires that the public respect the leadership of the police when required and that the police maintain law and order. If law and order breaks down in a riot situation the police become liable to compensate those affected.

The riots in London and other cities in 2011 meant that this little-known piece of legislation came to assume great importance in the aftermath.

Various aspects of it were found wanting, including the restrictions on type of property covered and the basis of compensation. However, the general principle of compensation for riots was endorsed. A report into the workings of the Act, the Kinghan Report, suggested a cap on total payments to focus help more specifically on small businesses and individuals. Following a consultation exercise many of the recommendations in Kinghan were agreed to.

This Bill is based upon many of those recommendations. The provisions extend to England and Wales only.

1. Rioting and Insurance

1.1 Introduction

“WHEREAS by law the inhabitants of the hundred or other area in which property is damaged by persons riotously and tumultuously assembled together are liable in certain cases to pay compensation for such damage, and it is expedient to make other provision respecting such compensation and the mode of recovering the same”

6 August 2011 saw the start of a four day period of damaging riots which affected several of England’s main cities. It was a major challenge initially for the police and, in the longer term, for the insurance industry.

The Association of British Insurers (ABI) put the cost of damage at ‘well over £100m’.¹ In a later notice it said:

Between 6-10 August 2011 many cities and towns in England were hit by the worst riots in a generation. An estimated 13,000 - 15,000 people were involved in the rioting, which cost five people their lives. More than 5,000 crimes were committed, including 1,860 incidents of arson and criminal damage, 1,649 burglaries and 366 attacks on people. Some 661 areas experienced riots.²

The notice continued by pointing out the link between the events and the governing legislation, the [Riot \(Damages\) Act 1886](#):

The riots also highlighted the importance of a little known 126-year old piece of legislation – The Riot (Damages) Act 1886 – which provides compensation to those affected. The Act ensures that riot insurance continues to remain widely available and competitively priced as a standard component of property insurance. Old though it is, the purpose of the Act stands the test of time; arguably it is more relevant today than ever. But, not surprisingly, the 2011 riots highlighted that it needs to be updated, and we urge the Government to learn the lessons of last August to ensure that the Act is updated so that it is fit for purpose in our modern society.³

The previous Government took up the ABI’s call for a review of the existing Act and established a review chaired by Neil Kinghan which published a report in September 2013: [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#). Its Report is referred to here as the Kinghan Report.

¹ A full summary of the costs of the riots to both police and insurance industry are set out in an appendix to this note

² ABI; [£40 million a day – Counting the Financial Costs of the August 2011 Riots](#)

³ ABI; [£40 million a day – Counting the Financial Costs of the August 2011 Riots](#)

1.2 Definition of Riot

The [Riot \(Damages\) Act 1886](#) allows for compensation to be paid when there is damage to property by “persons riotously and tumultuously assembled together”. The [Public Order Act 1986](#) means that this phrase has to be construed in line with the modern definition of riot.⁴ [Section 1](#) of the Act states that a riot takes place when “12 or more persons who are present together use or threaten unlawful violence for a common purpose”.

In May 2014 the Court of Appeal considered how this definition should be applied and which losses could be compensated.

During the August 2011 riots, a gang of youths looted and burned down a Sony distribution warehouse in Enfield. Sony and the warehouse owners had previously made successful claims against their insurers. Those insurers (together with owners of stock which had been held there) took their case to the High Court, which gave judgement in September 2013. The claimants argued that they should be able to recover not only the physical losses of the warehouse and its contents, but also the consequential losses such as business interruption and loss of profits and rent. The judge found that the youths were indeed “persons riotously and tumultuously assembled” under the terms of the 1886 Act, but that the Mayor’s Office for Policing and Crime was only liable for the physical damage and not for the consequential losses.⁵

The Court of Appeal reversed this second finding, concluding that the claimants could recover compensation for all losses, including consequential losses.⁶ The Mayor’s Office for Policing and Crime has appealed this decision to the Supreme Court.⁷

The Kinghan Report said that, whilst recasting of the definition of riot was not part of the Review’s task, a better definition would be helpful to those administering a new Act:

Building on a way forward suggested to me by one senior police officer, I recommend that new legislation should provide for an approach that would:

- require those responsible for deciding whether a riot had taken place to have regard to the scale and geography of the disturbances;
- use the concept in the Public Order Act of people who are present together and use or threaten unlawful violence for a common purpose;
- give responsibility for deciding whether a riot had taken place to the Police and Crime Commissioner for the area

⁴ Section 10(1) *Public Order Act 1986*

⁵ *Mitsui Sumitomo Insurance Co (Europe) Ltd v Mayor's Office for Policing and Crime*, Queen's Bench Division (Commercial Court), 12 September 2013, [2013] EWHC 2734 (Comm)

⁶ *Mitsui Sumitomo Insurance Co (Europe) Ltd v Mayor's Office for Policing and Crime*, 20 May 2014, [2014] EWCA Civ 682,

⁷ See for example [“Boris Johnson sent £75m bill for London riots' Sony warehouse fire”](#), *Guardian*, 20 May 2014

concerned, the Deputy Mayor in London, who would be advised by the Chief Constable (or Commissioner of the Metropolitan Police) and by the chief executive of the local authority area affected and by a representative of the local community; and

- require that such decisions be taken within seven days of a disturbance taking place.⁸

1.3 Justification for a riot damages Act

It is important to understand why there is specific legislation for compensation for riots when there isn't, for example, a burglary compensation Act. The Kinghan Review looked at this aspect. It started by outlining the genesis and purpose of the Act:

The Riot (Damages) Act 1886 was introduced following riots in Trafalgar Square in London in 1885, involving the Social Democratic Federation. It took the place of the Remedies against the Hundred Act 1827 (a Hundred being a local tax-raising body akin to a local authority). The essential structure of the Act has not been amended since 1886, though the definition of a riot has been amended, most recently by the Public Order Act 1986. The Riot (Damages) Act provides that, in the event of a riot, the police authority (now the Police and Crime Commissioner, the Mayor's Office for Policing and Crime in London) for the area concerned shall pay compensation to any person whose house, shop or property is damaged or destroyed in the riot; where such a person has received payment from an insurer, the compensation is payable to the insurer. The Act provides for strict liability on the police, so a claimant does not have to prove that the police were at fault in making a claim.⁹

It then outlined the historical justification for it:

2.1. The Riot (Damages) Act rests on the principle that the police are responsible for maintaining law and order and should be held to account if law and order breaks down and a resulting riot causes damage to property. The Police and Crime Commissioner is then liable to pay compensation to the owners of that property. The Act provides for claims against the police to be on a strict liability basis. If the claim is in line with the criteria in the Act, compensation must be paid. The claimant has no need to prove that the police were at fault, or to take them to court.

2.2. The Act appears to be unique in this respect. Other public bodies may be sued for negligence, as happens when hospitals, for example, are alleged to have failed to provide adequate care for their patients. But the claimant must prove that the hospital was at fault. This is not required in the case of a riot. There is no comparable statutory provision for compensation in the event of

⁸ [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#)

⁹ Neil Kinghan; [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#); p2-3

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natural disasters such as floods, which have been increasingly common in recent years, or tornadoes such as the one in Birmingham in 2005. Nor is there any comparable liability on the police in the event of outbreaks of burglary or vandalism, where it might be argued that different policing policies might have reduced their occurrence.¹⁰

The Kinghan Report noted that the:

implied contract between the public and the police requires that the public respect the leadership of the police when required and that the police maintain law and order. If they fail to do so, they should be accountable for that failure and compensation paid to those affected.¹¹

¹⁰ Neil Kinghan; [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#); p9

¹¹ Neil Kinghan; [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#); p14

2. Deficiencies in the existing legislation

Any legislation of the age of the *Riot (Damages) Act 1886* is, prima facie, a good candidate for review. Serious riots like those experienced in 2011 are rare and hence, any inadequacies of the legislation only emerge infrequently - when the legislation is actually called upon.

Kinghan summarised the main criticisms of the Act:

- it has lasted without much attention since 1886 because it has rarely been used. The experience of 2011 demonstrated its many faults;
- the language is archaic and the effect of the archaic wording is to make it unnecessarily difficult for claimants and their advisers to understand;
- the Act provides compensation for property but not for cars or other vehicles, unless they are within the property affected, an unjustifiable exclusion in the 21st century;
- it is unclear whether the Act allows for interim compensation payments to be made, which made police authorities reluctant to pay them last time;
- it is unclear how much flexibility the Act allows for Police and Crime Commissioners in adjusting, or not, for payments made by others to riot victims, including payments by charities;
- the Act does not allow for the delegation of payment making to bodies other than Police and Crime Commissioners;
- the Act does not deal with personal injury or consequential loss (business interruption);
- the Act provides for compensation on an indemnity basis, rather than "new for old" even when the damaged goods cannot be replaced by something of the same age; and
- the Act requires that insurance companies be compensated in full for payments they have made, within the existing criteria.¹²

At the time the Review was announced the Government said the main issues are "the definition of a riot, who should be liable and what level of compensation is suitable"¹³ The insurers, were keen for a review too. They hoped that it would extend cover more widely than it does now. The Association of British Insurers (ABI) called for:

The Riot Damages Act is crucial in providing financial compensation to victims of riots who do not have property insurance or are underinsured but the current lack of a standard approach has caused unacceptable delays and confusion. The ABI

¹² Neil Kinghan; [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review p30](#)

¹³ [Gov.UK](#) 9 May 2013

is calling for urgent reform to simplify and streamline the Act so that it delivers for those who need it most.

A clear, more modern, legislative definition of a riot is needed so victims in different geographical locations are not treated differently. In some areas, claims were made under the Act that were declined by police authorities as they did not see them as constituting a riot.

- The claims process for local police authorities needs to be streamlined and standardised
- The ABI would also like to see the time period for notification of claims for Riot Damages Act extended from 14 to 90 days.¹⁴

The Kinghan Report set out the main areas of study:

1. the rationale for the requirement imposed on Police and Crime Commissioners by the Riot (Damages) Act to compensate individuals and businesses whose property is damaged as a result of a riot;
2. the rationale for retaining compensation to insurers in respect of payments they have made to people whose property is damaged in a riot;
3. the administration of the Act by police authorities and the Government following the riots in August 2011;
4. the scope for new arrangements to improve the administration of the Act (or its successor) in preparation for the possibility of future riots;

[...]

5. the definition of a riot for the purposes of a new Act.¹⁵

Retaining the requirement

Point 1 is explained above and support for the continuation of the principle that people should be protected from the effect of riot was widely supported in the Review's consultation. A compromise arrangement whereby the strict liability aspect would drop and liability would be established after some sort of tribunal or enquiry was not favoured, partly due to complexity of the process and the inevitable delays in paying compensation.

Compensation of insurers

Point 2 presented the Review with difficulties in getting evidence. It was difficult, if not impossible, to determine what the effect of the Act had been on businesses, premiums and the availability of insurance from the 2011 riots. The Act applies only to a very small subset of risks

¹⁴ [ABI press release \(undated\)](#)

¹⁵ Neil Kinghan; [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#); p7-8

that the insurers are pricing for, so the removal of this small part, or the benefit of retaining it, is difficult to detect. The Review noted:

I have listened carefully to these arguments and counter-arguments during my review. It appears to be the case that the United Kingdom is unique in the statutory protection it offers to both the uninsured and to insurance companies in the event of a riot. It is impossible to know for sure what would happen if protection were withdrawn from insurers but I agree with those who fear that there is a significant risk that complete withdrawal of protection from insurers in a new version of the Riot (Damages) Act would make it harder for small businesses in the most affected areas to secure insurance at rates they could afford.

That would put their future at risk, and the overall economic viability of their areas. That does not mean that insurance companies should continue to receive the level of protection they do under the existing Act. I shall recommend that a new version of the Act should continue to provide compensation for insurers but that it should be capped to ensure the delivery of best value for money for the Exchequer.¹⁶

Administration of the Act

The Report generally praised the “impressive range of action by central and local government and the private sector responses” of all agencies to the riots and their aftermath,¹⁷ and suggested the deficiencies were as a result of a general unpreparedness:

The *Riot (Damages) Act* was barely known to most of those who now had to apply it; hardly anyone had any experience in administering it; there was no experience in handling claims on the scale that would follow these riots. The problems that would accompany the administration of the Act were in substantial part the result of this lack of preparation.¹⁸

The Report found that the problems were largely on the personal scale of individuals with a problematic combination of destroyed records, poor communication skills and unfamiliarity in dealing with bureaucracy:

communication about the support available to victims did not reach those who most needed it despite the national and local efforts; the range of support was itself confusing;

many victims were unused to dealing with authorities and making claims, especially those who were uninsured;

some victims had limited English and there were no interpreting services available to help them;

¹⁶ Neil Kinghan; [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#); p16

¹⁷ Neil Kinghan; [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#); p18

¹⁸ Neil Kinghan; [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#); p17

many claimants had lost their records in the riots and had no evidence of what they had lost;

the application forms required under the Act had been simplified but still required a lot of information to support a claim;

42 days was too short a time for some claimants, especially in areas which had been treated as crime scenes after the riots and impossible to access; and

staff of the Home Office bureau were said to be insensitive on occasion, in particular with claimants who had been traumatized by the riots and some of whom were unfamiliar with making claims; they offered no interpreting services; they were slow to respond; and the call centre provided was said to be unhelpful to many claimants.¹⁹

The biggest problems were faced by the police (especially the Metropolitan police) who were at the sharp end of dealing with an unprecedented number of claims:

(N)one of the police authorities had any experience of claims handling at the level of demand they now faced, or the resources to meet it. They also had to cope with legislation written 125 years previously, which did not cover vehicles or personal injury, which provided for compensation on an indemnity basis, rather than “new for old” as most contemporary insurance policies do (except for car insurance), and which they believed excluded business interruption costs and did not allow for interim payments. They were further constrained by a definition of a riot written in the language of the nineteenth century.²⁰

There were complaints both from individuals (especially those who were not insured at all or underinsured) and the insurance companies claiming re-imbursalment for substantial payments, about how long the whole process took. The Review shared the blame for this between the unpreparedness of the authorities and the “consequence of the out-of-date nature of the Riot (Damages) Act”.²¹

The Report recommended the establishment of a revised riot claims bureau that would replace the apparatus established ad hoc after the 2011 riots. The Report makes it clear that it is better if this body is staffed by insurance professionals, rather than policemen. However, this could not happen in 2011 because:

the Act did not allow for the delegation of decisions. It would be necessary to clarify the powers of the Home Secretary to make

¹⁹ Neil Kinghan; [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#); p19

²⁰ Neil Kinghan; [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#); p19

²¹ Neil Kinghan; [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#); p22

such delegations in future, in new legislation to replace the existing Act, to empower the new riot claims bureau.²²

Replacing the Act

After analysing what went wrong and the deficiencies of the Act, Kinghan then looked at the options for change. There was no support for just abolishing the Act and not replacing it with something. Most of those consulted supported a new modern version of the Act – the ‘archaic’ language used in the original made the job of modernising the existing text “unsustainable”.²³ The alternative, a discretionary scheme to replace the existing Act was also not popular and would, Kinghan said, contribute to uncertainty. Likewise, establishing a Pool Re mutualisation model (similar to the terrorist and flood schemes) was not an option any party sought to propose.

The key elements (as categorised by the Report) of a new Act highlighted by the Report are:²⁴

Uncontentious

- modernising the language, removing out-of-date forms of words;
- including cars and other vehicles within the scope of compensation; and
- providing for interim payments to be made where appropriate and for any clarification that might be needed in differentiating between the handling of small and large claims.

Neutral

- providing for the Secretary of State to delegate responsibility for the administration of payments under the Act and decisions about those payments to a body established for the purpose, a Riot Claims Bureau or something similar, subject to audit arrangements which he or she would prescribe; and
- allowing flexibility for the delegated body to ignore payments made to victims by charities or other non-public sector bodies, at the request of the charity or other body concerned.

More debatable:

- a cap on compensation to insurers for riot damage should be set by reference to the turnover of the business insured at an initial level of £2m;
- the cap should not apply to insurance compensation for residents whose properties or their contents are damaged in a riot; and

²² Neil Kinghan; [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#); p24

²³ Neil Kinghan; [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#); p31

²⁴ Neil Kinghan; [Independent Review of the Riot \(Damages\) Act 1886: Report of the Review](#); p34

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- a cap at the same level as is applied to compensation for insurers should apply to claims for compensation made directly by the commercial owners of property damaged in a riot.

Controversial

- allowing for claims for personal injury as a result of a riot;
- changing the indemnity principle on which claims for property damaged in a riot might be made; and
- providing for claims for consequential loss to be covered by the new legislation.

In the controversial category, 'changing the indemnity principle' translates into swapping 'like for like' with 'new for old' replacement values. Experience in 2011 threw up various examples of hard treatment of claimants on the old basis of claims.

Against that to switch to a more generous new for old basis would be a further incentive for people to underinsure or not to insure. Whilst acknowledging that "there is no obviously right answer" Kinghan concludes in favour of new for old which "would be consistent with modern insurance practice" and not cost a lot more.²⁵

The issue of whether to include consequential loss (e.g. of profits of a business closed by the riot) the Report describes as being "at least as difficult as the argument about the indemnity principle".²⁶ Kinghan came down against recommending that consequential loss should be included in the statutory scheme. He cites the possible cost of extending cover and the availability of post-riot support from "local authorities with DCLG funding and the charitable High Street Fund ... If their [firms] vulnerability to consequential loss is greater than the support they might receive from such funds, it seems to me to be reasonable to argue that they [firms] should have insurance."

²⁵ Neil Kinghan; [*Independent Review of the Riot \(Damages\) Act 1886: Report of the Review*](#); p35

²⁶ Neil Kinghan; [*Independent Review of the Riot \(Damages\) Act 1886: Report of the Review*](#); p35

3. Government Review

Alongside Kinghan, a government consultation process began in the summer of 2014. Conclusions and responses, in the form of a draft Bill, were published in March 2015.

The Consultation Response document included the following recommendations for legislative action:

- Providing greater clarity by basing the test for a riot solely on the riot definition contained in the Public Order Act 1986;
- introducing a cap on the amount of money that can be paid out in any single claim;
- including limited cover for motor vehicles, offering protection for those whose insurance policies do not include coverage for riot damages;
- clarifying that consequential loss is not recoverable; and
- creating the legal framework for the Secretary of State to establish a Riot Claims Bureau to handle damages claims arising out of significant and widespread disorder – such as cases where an incident falls into two or more different police force areas.²⁷

Action to be taken forward other than by legislation includes:

- the Home Office will publish central guidance for both the public and for compensation authorities, to improve consistency in managing compensation claims; and
- the Home Office will liaise further with Cabinet Office and the Department for Communities and Local Government to provide further support to frontline local authority workers assisting people in the aftermath of a riot.²⁸

The main issues discussed in the consultation are shown below.

Liability & definition of riot

Most respondents agreed with the Government that overall liability should remain with the police. Equally clear was the preference for riot to be defined **without** the 'riotous and tumultuous' assembly terms of the 1886 Act. Hence the definition will be that of the 1986 Act in future. Responsibility for declaring a riot would remain with the police. Insurance claims would continue to be dealt with on a case by case basis rather than under some 'zonal' entitlement of loss to reduce opportunities for fraud.

Entitlement to compensation

Most car owners have comprehensive insurance which covers them for riot-related damage. The Government decided that car owners with

²⁷ Home Office; [Reform of the Riot \(Damages\) Act 1886 Summary of Consultation Responses and Conclusions](#); March 2015

²⁸ Home Office; [Reform of the Riot \(Damages\) Act 1886 Summary of Consultation Responses and Conclusions](#); March 2015

only third party insurance should not suffer as a result and hence provision will exist for them in future legislation. Other owners would continue to claim from their insurer. It did not accept that public funds should reimburse insurers for claims that they had to pay under the terms of their policies.

Compensation basis

The Government argued that riot insurance was a separate category from other claims and that a 'replacement value' approach should be adopted (new-for-old-basis).

Compensation limit

The Government felt it was reasonable to require larger businesses to take responsibility for their own insurance, but that public support should exist to "offer unlimited cover to those more vulnerable businesses for whom the affordability of insurance is already a difficulty."²⁹ There are several ways in which the distinction between larger and vulnerable businesses could be drawn. However, the Government decided upon a simple cap on compensation paid of £1 million. Landlords will be treated as other businesses in this regard.

Claims process

The Government concluded that there should be a Riot Claims Bureau established post-riots to co-ordinate action in the event of widespread rioting. The consultation states that:

The Government intends that a bureau could be established in the following circumstances:

- the power of the Secretary of State to establish a Riot Claims Bureau would be triggered when a riot breaks out in more than one force area;
- if a large riot occurs in a single force area, then the PCC of that force may equally request the Home Secretary to implement a bureau. There would be no obligation on the part of the PCC to make a request or for the Home Secretary to accept the request.

Before establishing a bureau, the Secretary of State would be bound to consult with any affected local policing body.³⁰

Other decisions taken together will ease the claims process. The Government accepted a longer deadline for claims and supporting documentation. The Government is proposing a new two-tier process for submitting applications where a claimant is required to notify the local policing body of a claim within 42 days, once that is done they will have a further 90 days in which to submit details of the claim. Claims could be made verbally in some cases. It will be made clear that making interim payments is legal.

²⁹ Home Office; [Reform of the Riot \(Damages\) Act 1886 Summary of Consultation Responses and Conclusions](#); March 2015

³⁰ Home Office; [Reform of the Riot \(Damages\) Act 1886 Summary of Consultation Responses and Conclusions](#); March 2015

4. The Bill

4.1 Provisions of the Bill

The [*Riot Compensation Bill*](#) [HC Bill 13] is being introduced under the Private Members' Bill procedures, sponsored by Mike Wood. It has its second reading on 4 December 2015. It is a short Bill of a dozen clauses and one Schedule divided into three substantial parts:

- provisions around claims;
- the setting up of the 'decision maker'; and
- the compensation mechanism and process.

Its provisions extend to England and Wales only.

Claims for compensation: clauses 1 – 3

Clause 1 defines what type of claims will be covered - "a person's property has been damaged, destroyed or stolen in the course of a riot, [...] and the property was not insured, or was not adequately insured". Individuals will be able to make a claim, or insurance companies will if they have paid out on a 'riot' claim. Under-insurance includes any 'excess' in a qualifying policy.

Clause 2 defines what sort of property can be included in a claim. Property is defined as buildings, things kept within, or on the grounds of, buildings and motor vehicles.

Clause 3 leaves how claims will be made to regulations to be made by the Secretary of State.

The Decision Maker: clause 4 – 6

Clause 4 creates a new body to whom local police authorities can, or can be directed to by the Secretary of State after regulation, delegate decisions on claims.

Clause 5 allows claims to be transferred to the Secretary of State if there are riots in multiple police jurisdictions. The new body is called the Riot Claims Bureau in **Clause 6**.

Decisions on claims: clauses 7 - 9

The role of the 'decision maker' is to decide on the validity of a claim (**Clause 7**) and if appropriate (**Clause 8**) decide:

the amount of compensation, up to a maximum of £1 million per claim (the "compensation cap"), that is fair and reasonable.

(2) The amount of compensation must reflect only the loss directly resulting from the damage, destruction or theft of the property,

and in particular must not reflect any consequential loss resulting from it.

Future regulations setting out further considerations in assessing loss and the methods of calculating the same are provided for.

Clause 9 allows for further regulations to establish an appeals process against decisions made under Clause 8.

Regulations under the Bill will be subject to the affirmative procedures.

In the remaining clauses of the Bill the *Riot (Damages) Act 1886* is repealed.

Schedule 1 defines which motor vehicles are included in the scheme. The definition is extremely broad, covering all taxed vehicles (on and off road) or cars as part of a business stock. The only cars not covered would be those already insured for riot (and hence, presumably, the insurer would pay and claim back from the police or riot bureau) or untaxed vehicles.

4.2 Responses to the Bill

It is fair to say that there has only been a limited response to the Bill. The Association of British Insurers (ABI), commenting on the draft Bill, said that:

"We are pleased that the Government has listened to the views expressed in the consultation to bring an outdated Act into the modern day, and made a sensible move forward from an arbitrary turnover cap on the type of businesses that can claim, to a £1million per claim limit. The ABI highlighted that the previous proposals would have left all but the smallest of firms able to claim compensation and could have created problems for businesses taking out riot cover as part of their property insurance.

[...]

The ABI has compared how the change from a previously proposed £2million turnover cap to a £1 million per claim limit would have affected an event such as the riots that took place across England in August 2011:

Under the revised proposals for a £1million per claim limit, we estimate that 99% of commercial property claims for material damage from the August 2011 riots would have been fully covered by this limit.

This compares to our estimate of only 33% of commercial property claims for material damage during the August 2011 riots coming from businesses with a turnover of less than £2million.

However, the ABI is still concerned about some aspects of the draft Bill:

The draft Bill does not appear to cover loss of trade for businesses, loss of rent for landlords, or alternative accommodation costs as a result of a riot. This could have a serious impact on businesses or residents that have had to cease trading or move out of their homes because of damage to their property.

The draft Bill outlines that Police and Crime Commissioners will decide if a disturbance constitutes a riot, however given PCCs are essentially liable for the cost of damage this appears to create a conflict of interest. A more independent determination of when a disturbance is a riot may avoid this.³¹

³¹ [ABI Website](#) 12 March 2015

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