



**BRIEFING PAPER**

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# Insurance and riot damage

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## Summary

This note outlines procedures and legislation surrounding insurance claims for damage caused by rioting. For information on the policing of riots see Standard Note SN06049 – ‘Policing Riots’.

# 1. Rioting and Insurance

## 1.1 Introduction

The Association of British Insurers has put the cost of damage caused by the August 2011 riots at 'well over £100m'.<sup>1</sup> Many individuals and businesses are wondering whether they will be compensated for the damage they have suffered, either by their insurance or by any other means. In the majority of cases they will be.

## 1.2 Insurance Claims

Business and home owners wishing to recoup the cost of damages caused by rioting can claim under their home or commercial insurance as they would for any other damage claim. The Association of British Insurers issued a statement on 9 August 2011 which stated that

Most commercial insurance policies will cover businesses for damage to their premises, including the interruption to their business as a result of fire, looting and the other damage caused by the recent riots. Some policies will also cover those businesses which are not damaged but whose trade has been affected by the aftermath.<sup>2</sup>

The British Insurers Brokers Association echoed this in a press release. In addition they stated that

Commercial insurance policies will normally cover businesses for damage to their premises, including the financial loss due to interruption to their business as a result. Some policies will also cover those businesses which are not damaged, but whose trade is affected by the aftermath.<sup>3</sup>

Claims for damage to motor vehicles will be covered if the insurance includes comprehensive cover, but some claims may not succeed if the cover is third party only. Most third party policies cover damage by fire and theft. Therefore it is possible that if a car was, for example, damaged by a rock thrown at it, then the car would not be covered. If it was set alight however, it probably would.

## 1.3 Uninsured Homes and Businesses

Individuals and businesses who are uninsured, or whose damages are not covered by insurance, may be able to make a claim to the police under the *Riot (Damages) Act 1886* under a clause introduced after the Brixton and Toxteth riots of 1981.<sup>4</sup>

Under this a police authority in England and Wales becomes liable to pay for damages to buildings and their contents when a riot has taken place. Individuals and businesses can claim, and the insurance companies can try to reclaim what they pay out from the police too,

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<sup>1</sup> ['UK riots: insurers 'will pay claims then recover money from the police' - Daily Telegraph 09/08/11](#)

<sup>2</sup> [ABI News Release 09/08/2011](#)

<sup>3</sup> [BIBA Press Release 09/08/11](#)

<sup>4</sup> ['UK Riots - Not Insured? Send your claim to the police instead' - Daily Telegraph 09/08/11](#)

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although losses due to trade interruption do not come into this category.

These provisions have been described as “good news for some of the smaller retail units that have been damaged” in that “even if they do not have a property insurance policy they may be able to recover the value of any damage sustained because of the rioting directly from the police”.<sup>5</sup> Where a successful insurance claim has been made, however, compensation under the 1886 Act will be reduced accordingly.

For the purposes of the 1886 Act, riot is defined by section 1 of the *Public Order Act 1986*:

“Where 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 at the scene to fear for his personal safety(...).

The Act does not provide compensation for personal injury, loss of business or to damage to or theft from property outside buildings (e.g. damage to or theft from cars parked in the street.

Claims for compensation have to be made to the police authority within 14 days of a riot. In circumstances where this is not possible the claimant can seek an extension from the authority to 42 days. Such a request must be made within the 14-day time frame. If an extension is refused the claimant can appeal to the Home Secretary (within 7 days) and the Home Secretary will rule whether the extension should be allowed. These arrangements are set out in regulations.<sup>6</sup>

Police authorities are generally expected to meet the cost for riot damage compensation from their reserves. Unsurprisingly, this has led to controversy. A Home Office consultation exercise on repealing them was conducted in 2003 after West Yorkshire Police Authority paid out around £450,000 following the 2001 Bradford riots.<sup>7</sup> There was also controversy over the Act after a riot at Yarl’s Wood Detention Centre led to the centre’s private operators claiming compensation under the 1886 Act from Bedfordshire Police Authority.<sup>8</sup> This led to litigation, and an eventual Court of Appeal decision in 2009 that the private operators were entitled to bring a claim.<sup>9</sup>

The Home Affairs Committee recommended in 2002 that amendments be made to the *Police Reform Bill* to repeal the Act:

### RIOT DAMAGES ACT 1886

80. The Association of Police Authorities wrote to the Home Office five months ago prior to the fire at Yarl's Wood detention

<sup>5</sup> [“Taxpayers facing £100m bill for costs of property repairs”](#), *Guardian* 10 December 2011

<sup>6</sup> *Regulations made by the Secretary of State as to claims for compensation 1921*, SI 1921/1538

<sup>7</sup> Home Office, [Riot \(Damages Act 1886 – Consultations and options for review](#), (note: includes consultation and impact assessment)

<sup>8</sup> See for example “Call for reform as police face claims under Riot Act”, *Financial Times*, 10 April 2002

<sup>9</sup> *Yarl's Wood Immigration Ltd v Bedfordshire Police Authority*, Court of Appeal (Civil Division) 23 October 2009 [2009] EWCA Civ 1110

centre—asking for repeal of the Riot (Damages) Act 1886.<sup>[91]</sup> The Act makes police authorities liable for damages to buildings and their contents if a riot occurs under the Public Order Act—even if there has been no negligence or default by the police. The Government has said that this being reviewed, following riots in Bradford, Oldham and Burnley in 2001.<sup>[92]</sup> The Minister told us:

*"the broad issue of whether an Act which is well over 100 years old is still appropriate has been raised. I honestly cannot say to you whether any conclusions will be reached about that in the timetable of the Bill and the issues are quite complex".*<sup>[93]</sup>

**81. The Riot Damages Act 1886 seems arcane and a good case has been made for repealing it. Without prejudice to any existing cases, the Government should seek to repeal the Riot Damages Act 1886.**<sup>10</sup>

The Association of Police Authorities has long campaigned for the Act to be repealed:

Commenting on reports that under the 1886 Riot Damages Act police authorities or their insurers could have to pay claims (or in the case of authorities, higher insurance premiums) for criminal damage incurred as a result of riots, APA Chairman Rob Garnham today, 09.08.11, said:

*"The potential implications of the Riot Damages act have been of considerable concern for police authorities for a number of years. It is crucial that riot damage is quickly repaired and communities restored but in a context of cuts the public will see little sense in a shrinking police fund being diverted to pay for criminal damage."*<sup>11</sup>

<sup>10</sup> Home Affairs Committee, [Police Reform Bill](#), HC 612 2001-2, 7 May 2002

<sup>11</sup> Association of Police Authorities, [APA Comment on Riot Damages Act](#), 9 August 2011

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