

Cleat Hill Gas Explosion – Insurance Updates

November 2024

Our thoughts are with the bereaved family and those injured or affected by this tragic incident. We appreciate that this is a very stressful period for those who are still unable to return home and our members are monitoring the situation closely and providing support to customers who have been impacted.

Properties damaged by an explosion will likely be covered by home insurance, including the provision of temporary accommodation or financial support. Where a property has not been damaged, but people are unable to return home due to evacuation, providing alternative accommodation is usually the responsibility of the relevant local authority or others such as private landlords or housing associations. Anyone affected who has not already done so should contact their insurer as soon as possible.

In the immediate aftermath of events like this, emergency accommodation for people evacuated as a precaution on public safety grounds is the responsibility of the local authority. The Government's [Evacuation and Shelter Guidance](#)¹ sets out the responsibilities of local authorities and planners and makes clear that where residents have not suffered property damage, but they have been told to evacuate by the Health and Safety Executive or other authority, alternative accommodation is not generally covered as standard in home insurance policies and evacuees may need help in finding accommodation from the local authority. Usually, insurance policies only provide alternative accommodation when damage has occurred to the property that makes it uninhabitable.

This briefing provides further information and responses to a number of the questions that have been raised about insurance following the explosion, particularly around unoccupied premises and the impact on premiums in the future.

Unoccupied premises and policy limits

We recommend those affected by the recent gas explosion speak with their insurer and review policy documents to understand their cover and the support they can expect from their insurer. Home insurance policies generally have empty premises conditions from 30 or 60 days. Perils such as escape of water, fire or theft are standard within most home insurance policies and cover will generally remain in place where properties are vacant for periods under 30 or 60 days. If there are concerns, speak to your insurer to explain the situation and get their advice.

We understand that residents affected are naturally concerned about the risk of damage while their homes are unoccupied, and we have raised this issue with our property member networks. From our

¹ [Evacuation and shelter guidance - GOV.UK \(www.gov.uk\)](#)

communications with members, policy limits will still be in place following the explosion, but insurers will take a case by case approach and look to respond sympathetically where customers are likely to remain out of their homes beyond the limits provided for in the policy due to the evacuation. In the event that customers are dissatisfied with the response from their insurer, they can look to make a complaint and have the option of going to the Financial Ombudsman Service.

Impact on future insurance

If customers have had damage to their property and/or a claim, then that may have an impact on their future premium at renewal as previous claims history is a factor that insurers will consider when offering cover. We recommend customers start thinking about the renewal process earlier than they might normally, shop around the market and use the services of a broker if required. If customers have been evacuated as a precaution and there is no claim, then there isn't generally a need to declare this at renewal and so we wouldn't expect there to be an impact solely due to the precautionary evacuation. It is worth noting that average home insurance premiums have risen due to the increasing costs of claims and there are a range of other factors relating to a change in individual risk, or change in the detail of the property that may have an impact at renewal. Home insurance is a competitive market and we recommend customers speak with their insurance provider if there are concerns about renewal in the future.

We appreciate the concern from residents about the longer-term impact of this incident. As a trade association we cannot comment on the individual pricing or commercial decisions by our members. That said, we have raised the concern with our members, and we are not currently aware of any general issues relating to Cleat Hill that would change the general underwriting approach applied to the area. It will be a commercial decision for individual insurers and a range of criteria unrelated to the incident may impact on an individual household's future risk. These will continue to be assessed by insurers on a commercial and competitive basis and people should continue to shop around for a policy that suits their needs. For wider context on home insurance premiums prices, the ABI collects and publishes quarter insurance premium trackers. Our [latest tracker](#) shows that ABI members have paid out £4.1 billion in claims in 2024 so far and the average price of a household combined buildings and contents policy is now £407 - £11 (3%) higher than the previous quarter and £56 (16%) higher than the same period last year.

Home insurance comparisons

There have been questions on comparisons for home insurance costs for new builds in former mining areas with the national average. It is worth being aware that claims for damage caused by coal mining are dealt with through the [Coal Authority](#), not through a home insurance provider. Insurers will continue to cover and price for the risk of perils such as subsidence, heave and landslip in the usual way. We don't have premium comparisons for homes built on former mining land, but where there is an area with a history of subsidence then this can impact claims costs for insurers, which can be reflected in premiums. These are predominantly related to claims history, soil type and problems caused by encroaching tree roots. We would encourage any assessment of the site to ensure that homes are safe and secure.