



RIOT AND CIVIL COMMOTION – A CHALLENGING ACT?

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LONDON 2011



RIOT (DAMAGES) ACT 1886



- ❑ **Riot (Damages) Act 1886**
- ❑ *"Fit for purpose?"*
- ❑ Insurers and The Police Authorities
- ❑ Association of British Insurers (ABI)



Association of British Insurers

GOVERNMENT RESPONSE



HOME OFFICE

Independent Review of the Riot (Damages) Act 1886
(report published November 2013)

Consultation on reform of the Riot (Damages) Act 1886
(period 05.06.14 – 01.08.14)



Home Office

GOVERNMENT RESPONSE



- 1. Government final position – November 2014
- 2. Draft Compensation Bill
- 3. Pre-legislative stage (December 2014/February 2015)
- 4. Introduced to Parliament – June/July 2015



HM Government

RIOT (DAMAGES) ACT 1886



Questions:

1. *Would a 'modernised' Riot (Damages) Act based on current recommendations go far enough to protect the interests of insurers and businesses?*
2. *Is a fair deal being offered by government?*

RIOT (DAMAGES) ACT 1886

- ❑ Riots in London 1885 (Trafalgar Square)
- ❑ **Riot (Damages) Act 1886**
 - ❑ *Police Authority to pay compensation to any person whose house, shop or property is damaged or destroyed in the riot*
 - ❑ *Strict liability*



RIOT (DAMAGES) ACT 1886 – DEFINITION



□ What constitutes a Riot

□ s.2 RDA "any persons riotously and tumultuously assembled together "

□ **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"*

RIOT (DAMAGES) ACT 1886

- Property Damage
- Business Interruption
 - *Mitsui Sumitomo – v – Mayor’s Office for Policing and Crime [2014](CA)*
 - 1. *damage to buildings*
 - 2. *damage to contents*
 - 3. *business interruption including loss of profits*
 - 4. *loss of rent*



RIOTING



□ 1980's/1990's/2000

Brixton

London (Poll Tax)

Toxteth

Manningham

Handsworth

Oldham

Broadwater Farm

Bradford



THE COST



Prior to 2011 rioting:

1980s – about £20m

2011 - > £150m



A NEW RIOT DAMAGES ACT



OPTIONS CONSIDERED

- ❑ A) Repeal the Act
- ❑ B) Leave the Act in place but add administrative changes
- ❑ **C) A new modernised Act**
- ❑ D) Repeal the Act and replace with a discretionary scheme
- ❑ E) Repeal the Act and replace with a Pool Re type arrangement



GOVERNMENT POLICY OBJECTIVES - 1



- *A modern Riot (Damages) Act*
- *Clarity on losses claimable*
- ***Protect the most vulnerable***
- *Discourage underinsurance*
- *Adequate procedures to handle claims*
- ***Affordability on the public purse***



A MODERN RIOT (DAMAGES) ACT



Key provision - 1

The principle of police accountability for riot damage should be retained in new legislation replacing the existing act

What's new?

NO CHANGE

A MODERN RIOT (DAMAGES) ACT



Key provision – 2

Insurers should continue to receive compensation under new legislation but that their compensation should be capped

What's new?

- * *Insurers can recover but only up to £1 million in a single compensation claim*
- * *Excludes BI*

A MODERN RIOT (DAMAGES) ACT



- Issues for insurers
- Re-rating?
- Withdrawal of cover for high risk areas?
- Buy-back?
- Corporate v small business?

A MODERN RIOT (DAMAGES) ACT



Key provision – 3

Preparations (for the possibility that compensation will be payable under major riots in future) *are taken forward as soon as possible including:*

- 1. Claims Bureau*
- 2. Guidance manuals*
- 3. Local authorities to implement a riot recovery service*
- 4. Government to fund*

A MODERN RIOT (DAMAGES) ACT



Key provision – 4

Miscellaneous changes proposed:

1. *Include vehicles? – yes but limited*
2. *'New for old' settlement*
3. *Modernise the language of the Act*
4. *Delegated authority (claims handling)*
5. *Interim payments be allowed*

A MODERN RIOT (DAMAGES) ACT



Key provision - 5

□ Exclude

1. *Personal injury*
2. *Business Interruption*

RIOT DAMAGES



- **The PCC (deputy Mayor in London) to decide on whether to declare a riot:**
 1. Chief Constable (Commissioner of Met Police)
 2. CEO of local authority
 3. Representative of the local community

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