

ABSTRACT

Flood risk poses major problems for the community and insurance companies alike. Annually, losses resulting from floods have a direct or indirect impact on insurance levies and payouts. This study aims to investigate the extent of flood impact on insurance in the George Local Municipality (GLM). A quantitative methodology was utilised, to analyse four data sets, in an attempt to determine the flood impact in the GLM. These included: a) questionnaire completed by specialists; b) observations through a transect walk through a selected portion of the study area; c) data from the South Africa Insurance Association claims and payout database; and d) the data from

South African Weather Services regarding weather and storm occurrences. The findings

indicate that floods is a major natural hazard that set back development in the area; spring and winter seasons are the peaks months of rainfall occurrences (1921 to 2007);

the 2006/07 rainfall year reflected unusually high claims related to flood damage in the

GLM. The study furthermore indicates that floods have divesting impact on insurance,

the insurance industry has lost an estimated total of R 3, 869,000 (which amounts approximately UK £ 3.22 million pounds) on the 2006/7 floods alone. As a response to

the 2006/7 floods, internationally acceptable mitigation and prevention measures have

been identified to reduce the flood impact in the GLM. Finally, recommendations are presented for future research in relation to flood risks and the insurance industry, where

this study was not able to provide details.