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30 October 2015

The Rt Hon Elizabeth Truss MP
Secretary of State
Department for Environment, Food and Rural Affairs
Nobel House
17 Smith Square
London SW1P 3JR

Dear Secretary of State

Re FLOOD RE LIABILITY LIMIT

Pursuant to paragraph 4.10 of the [draft] Scheme Document, this letter serves as our communication to you of Flood Re's Liability Limit, as defined in the [draft] Scheme Document, being set at **£2.1 billion**. In compliance with paragraphs 4.10 to 4.13 of the [draft] Scheme Document, this Liability Limit will apply from the 1st April 2016 for a period of 5 years unless reviewed and modified according to regulation 27 of the [draft] The Flood Reinsurance (Scheme Funding and Administration) Regulations 2015.

The amount of the Liability Limit will be adjusted each financial year for the percentage increase or decrease in the consumer price index for the immediately preceding calendar year. The first of such adjustments will take effect on the 1st April 2017.

Kind regards,

Brendan McCafferty
CEO Flood Re

CC: Mark Hoban, Chair, Flood Re