



Riot Compensation Act 2016

Introduction

The Riot Compensation Bill is a Private Members' Bill which was introduced to the House of Commons in June 2015. The Bill is sponsored by Conservative Mike Wood MP who was elected MP for Dudley South in May 2015.

The Riot Compensation Bill aims to provide a more effective, streamlined and clear mechanism or procedure to enable businesses and individuals to claim compensation following damages incurred in the course of a riot. To do this it would seek to repeal the current Riot (Damages) Act 1886.

The Riot Compensation Bill is known as a 'Ballot Bill', which involves a process whereby MPs enter a ballot to win the chance to introduce a Bill granted a certain amount of Parliamentary time in the House of Commons. Whilst very few Private Members' Bills become law, 'Ballot Bills' have a greater chance of passing through the House, as they are allotted higher priority in the Parliamentary schedule and granted more debating time. However, this depends on whether they receive widespread Parliamentary support, or more significantly, Government sponsorship. The Ministry of Justice supports the Riot Compensation Bill, which means that its passage through Parliament will be smoother and it is more likely to become law.

Background

Under the current Riot (Damages) Act 1886, people who suffer damages during a riot must claim compensation from the local police budget. Following the riots in London in August 2011, this meant that London police were inundated with claims. According to insurers, the estimated clean-up cost across London amounted to around £200m.

Following the 2011 riots, the Coalition Government ran a consultation in 2014 on reforming the Riot (Damages) Act 1886 and published its conclusions in March 2015. The consultation was in response to an independent review of the Act carried out in 2013, which recommended substantial reform or replacement of the existing Act.

The Government decided a range of policy conditions based on the consultation, including:

- Introducing a cap on the amount of money that can be paid out in any single claim.
- Clarifying that consequential loss is not recoverable.
- Limited cover for motor vehicles, offering protection for those whose insurance policies do not include coverage for riot damages.
- Creating the legal framework for the Secretary of State to establish a Riot Claims Bureau to handle damages arising from significant and widespread disorder.

However, it does not appear that the Government has taken further action to bring forward legislation following the consultation.

Politically, this is not an issue that the Conservative Party has wanted to make a lot of noise on, as the riots took place while they were in Coalition Government. However, a Supreme Court ruling expected to be handed down in April 2016 on a claim made by Sony for almost £75m of damages to its warehouse could mean that reforms to the Riot (Damages) Act 1886, or legislation replacing it, could move up the Government's agenda.

Bill contents

The Bill will:

- Allow insurers who have met claims from people or businesses to claim compensation from the local policing body.
- Allow people and businesses, which are not insured, to claim compensation from the local policing body.
- Require that the amount of compensation must reflect only the loss directly resulting from the damage, destruction or theft of the property, and in particular, must not reflect any consequential loss resulting from it.
- End unlimited compensation, setting a £1m cap on each claim; and
- Allow for claims on motor vehicles which are not insured for riot damage, but which are covered by an insurance policy at the time.

Key changes

The Riot Compensation Bill would repeal the Riot (Damages) Act 1886 and make provision about types of claims, procedures, decision-making and limits on awards payable in relation to a new compensation scheme for property damaged, destroyed or stolen in the course of riots.

The Bill will end unlimited compensation by capping each claim at £1m. It will also allow for claims on damage to motor vehicles which are not insured for riot damage.

The Bill will also make provision in subsequent regulations for changes to the period of time a person or business would have to make a claim.



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State of play

The Riot Compensation Bill was introduced to Parliament in autumn 2015 and having passed through Parliament it received Royal Assent in March 2016. The majority of the Act will come into force once Government has laid down and passed secondary legislation which appoints an enforcement date.

Contact

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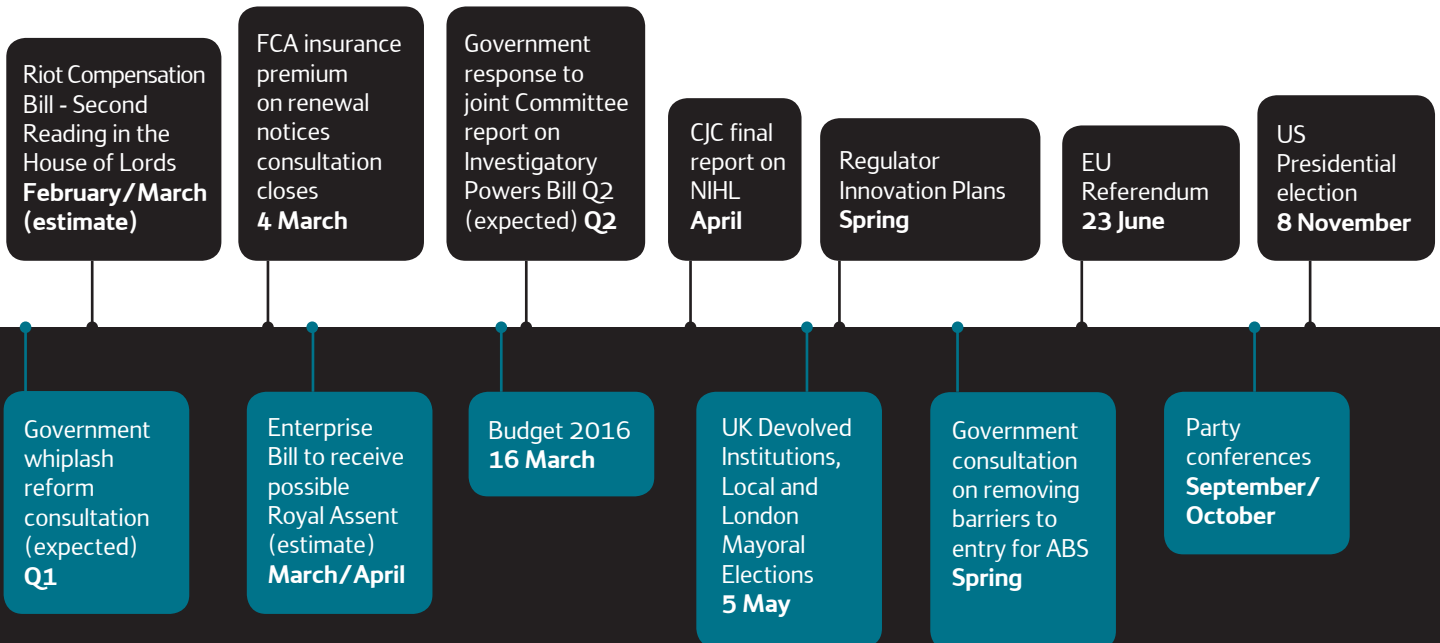
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Political timeline



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