



475 Antrim Road
Belfast
BT153DA

T: 02890370222
F: 02890371231
E: info@ufuhq.com
W: www.ufuni.org

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FROM THE DEPUTY PRESIDENT

Compensation Services Branch Project Team
6th Floor Millennium House
17-25 Great Victoria Street
Belfast
BT2 7AQ
csreview@dojni.x.gsi.gov.uk

Dear Sir/Madam,

CONSULTATION – REVIEW OF CRIMINAL DAMAGE AND CRIMINAL INJURIES COMPENSATION SCHEMES

Thank you for the opportunity to respond to the above consultation. The Ulster Farmers' Union (UFU) is the largest farming organisation in Northern Ireland representing nearly 12,000 farming families. The UFU represents farmers from all areas of Northern Ireland and across all sectors.

The UFU would have some concerns about the withdrawal of the compensation scheme for agricultural property in the current consultation. While the insurance industry may be in a stronger position now than it was in 1977 when the agricultural compensation scheme was introduced, but removing the scheme in the way could result in a significant rise in insurance premiums for the agricultural sector as the removal could lead to a sudden rise in claims going to insurers. This would be met with a substantial increase in the number of claims going in.

The case is made that the intention was never that the scheme would be used for vandalism, and this is supported by Hansard records of the debates around the legislation. While this is not in dispute, it remains the case that this is how the legislation has been used. Surely the realization that this legislation was being used inappropriately should have occurred long before now and steps should have been taken from the start to ensure that it was used properly.

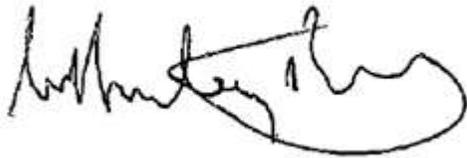
Unless measures are taken to mitigate this sudden increase in insurance premiums, we would oppose the removal of the compensation scheme for agricultural property. The Consultation document says that it is important that people are left in a situation in which they are no worse off than they were before the damage occurred: we believe that withdrawing this compensation route could result in this being the case with farmers and agricultural businesses facing steep insurance price hikes.

In general, farmers tend to have substantial amounts of real property and their capital is tied up in land and other assets. As such, insurance amounts to a substantial proportion of their expenses. In an industry which is notoriously "cash-poor" and subject to the volatility of a global market, what we do not need is further expense without at least some measures being taken to mitigate what could be a very sharp increase in insurance premiums.

Taking these two points together, we believe it may be more appropriate for the Department to clarify the legislation, taking account of both the current situation of how the legislation is used; the historical circumstances of the creation of the legislation and the financial impact on farmers of any change to the current situation.

I trust our comments will be given full consideration but should you wish to query any comments raised please do not hesitate to get in touch.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Barclay Bell', enclosed within a thin black rectangular border.

BARCLAY BELL