

NATURAL CATASTROPHES, IS YOUR HOME COVERED?

**Findings from a sample-based analysis on the
clarity of NatCat coverage in Household
Insurance Product Information Documents**

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TABLE OF CONTENTS

Executive Summary	3
1. Introduction	4
2. Findings	5
2.1 The degree and quality of information in relation to NatCat coverage varies across IPIDs	6
2.2 Coverage limitations, when not clearly disclosed, can affect consumers' understanding	8
2.3 The definition of target markets may differ in levels of granularity	9
2.4 Product monitoring and review following NatCat events enables the identification of adequate coverage	10
2.5 Proactive initiatives are being developed to promote consumer awareness	11
3. Illustrative examples to enhance consumer experience	12
4. Conclusions	14
Annex 1: Additional findings stemming from survey data analysis	15
Annex 2: Methodology and limitations of the report	17

EXECUTIVE SUMMARY

With the increase in frequency and severity of Natural Catastrophes (NatCat,), more and more households across the European Union are vulnerable to shocks, even when insurance coverage is available to them. Work carried out by the European Insurance and Occupational Pensions Authority (EIOPA) shows that even when insurance coverage is available, many consumers opt not to buy NatCat coverage. EIOPA's consumer research identifies a number of demand-side factors which contribute to this, including, the lack of clarity in pre-contractual information, which hinders consumers' understanding of what coverage they may have.

Considering the important role that insurance can play in building societal resilience, including through coverage for NatCat events, EIOPA has investigated how to promote more clarity in Insurance Product Information Documents (IPIDs). The provision of accurate, clear, and simple information to consumers can enhance their understanding about coverage, hence EIOPA carried out an analysis of terms and conditions and IPIDs. Such analysis aimed at assessing whether information concerning NatCat coverage and exclusions is presented in a clear and understandable manner. This report presents both good examples identified and areas for improvement. It further includes illustrative examples of how insurance undertakings can improve disclosures.

In terms of clarity of information, the analysis identified a number of good examples, but also areas for improvement. Several examples have been identified in which insurance undertakings have ensured consumers are given sufficient and accurate information, without overloading them. However, as the report also highlights, in many other instances consumers may encounter unclear or inconsistent information, which can hinder their understanding of the coverage they have/they may buy. Some undertakings use complex language, technical terms and broad definitions. Limitations to coverage, such as geographical and time restrictions, are not always clearly disclosed.

As consumers across the European Union need to understand whether their home is adequately insured against potential losses caused by NatCat events, it is important to facilitate the insurance uptake process. EIOPA's research found that often consumers struggle to understand their level of coverage. Insurance undertakings can help prevent situations where consumers mistakenly assume they are covered for certain NatCat events, only to discover otherwise when filing a claim. EIOPA will continue to monitor market trends and developments and will use the findings of this study to inform its future work and priorities.

1. INTRODUCTION

Whilst NatCat insurance products in Europe are generally available, insurance coverage for retail consumers and businesses remains low. If the severity and intensity of NatCat events continues to increase without a corresponding increase in coverage, the protection gap is expected to widen. According to EIOPA's supply side statistics, only approximately one quarter of the losses relating to NatCat events were insured in the past (1980-2023) in Europe¹. EIOPA's demand side data – 2024 Eurobarometer Survey – shows that only 18% of EU consumers reported holding coverage for damage to property resulting from NatCat events². This highlights an insurance protection gap, leaving households vulnerable to shocks and the financial impacts of natural disasters.

EIOPA has been working equally on the supply and the demand side aspects of the gap, with a view to identifying solutions to bridge the NatCat protection gap. On the supply side, EIOPA has been regularly measuring the protection gap³ and monitoring the management of sustainability risks by insurance undertakings⁴. Jointly with the European Central Bank, EIOPA has recently published a proposal designed to reduce the economic impact of natural catastrophes in the EU⁵, to ensure NatCat risks are adequately insured. On the demand side, EIOPA is working on identifying ways to promote uptake in instances where coverage is available. EIOPA has published a *Staff paper on measures to address demand-side aspects of the NatCat protection gap*⁶, which delved into several barriers and drivers that can impair household's willingness to buy NatCat insurance⁷, including consumers' difficulty in understanding coverage and exclusions.

In the wake of increasing climate-related events, there is a need for a comprehensive approach to strengthen consumer resilience, by providing more protection against the impact of natural catastrophes. EIOPA's 2023 Eurobarometer survey⁸ found that almost one in five consumers are uncertain about the exact coverage and exclusions that may apply in case of natural disasters. Hence, EIOPA conducted an analysis on the clarity of NatCat coverage in household insurance product IPIDs, with the aim of identifying positive examples as well as possible issues to be addressed in the overall clarity of coverage and exclusions in NatCat insurance.

¹ [Dashboard on insurance protection gap for natural catastrophes](#)

² EuroBarometer Survey Results 2024 – available [here](#).

³ [Addressing protection gaps - EIOPA](#)

⁴ [Managing sustainability risks - EIOPA](#)

⁵ [EIOPA and ECB propose European approach to reduce economic impact of natural catastrophes - EIOPA](#)

⁶ [Staff paper on measures to address demand-side aspects of the NatCat protection gap](#)

⁷ These barriers include factors such as: income levels and the perceived unaffordability of coverage, a lack of clarity in terms and conditions, previous negative experiences with insurance claims, the perception of the unlikelihood of a NatCat event and high expectations about State intervention in case of a catastrophe.

⁸ EuroBarometer Survey Results 2023 – available [here](#).

2. FINDINGS

The IPID, introduced on 1 October 2018, has enabled a better understanding of insurance coverage and exclusions. With the entry into force of the Insurance Distribution Directive (“IDD”),⁹ insurance undertakings have been required to produce the IPID: “a short and stand-alone document”, “presented and laid out in a way that is clear and easy to read” and “accurate and not misleading”. The beneficial introduction of the IPID has helped standardize the way in which coverage and exclusions for insurance products is presented to consumers.

The analysis conducted by EIOPA confirms that the IPID is a useful tool, even though some areas for improvements have been identified. When appropriately implemented, the IPID is useful in informing consumers of the most essential information regarding coverage and exclusions. In fact, while some issues on clarity emerged, all IPIDs analyzed comply with regulatory requirements regarding format and symbols used and all presented sections outlining coverage and exclusions¹⁰.

This report presents findings and illustrative examples on good implementation around five key areas:

- ▶ The degree and quality of information presented in IPIDs;
- ▶ Whether limitations are clearly explained;
- ▶ The granularity of the target market;
- ▶ How insurance manufacturers monitor and review products in light of NatCat events;
- ▶ Initiatives put in place by insurance undertakings to raise consumer awareness about NatCat coverage.

The exercise covered:



**8 Member States
participating**



29 Undertakings



**45 IPIDs and 22 Terms
and Conditions**

⁹ Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution

¹⁰ COMMISSION IMPLEMENTING REGULATION (EU) 2017/ 1469 - of 11 August 2017 - laying down a standardised presentation format for the insurance product information document

2.1 THE DEGREE AND QUALITY OF INFORMATION IN RELATION TO NATCAT COVERAGE VARIES ACROSS IPIDs

The IPIDs analyzed were not always consistent in terms of the quality regarding the disclosure to consumers. Some IPIDs analyzed are straightforward, with clear and simple terms, allowing the reader to understand the main exclusions embedded in the contract. These IPIDs use plain language and avoid legal jargon. However, other IPIDs in the sample are more complex to follow and do not provide clear and easy to understand information. In particular, the analysis highlighted four different issues which may hinder consumers' understanding, in relation to whether NatCat risks are covered or excluded in household insurance products.

1. *Unclear, vague or inconsistent wording used in the IPIDs and terms and conditions*

The wording used by insurance undertakings, in some of the IPIDs analyzed is sometimes unclear, vague or inconsistent. Some IPIDs showed very general and vague exclusions such as "All risks not included in the coverage". In some cases, while more clarity on coverage and exclusions was provided in the terms and conditions, NatCat perils are presented in the IPIDs in a general and vague manner. Some undertakings use terms such as "atmospheric events", "weather events", and "natural disasters", under the "What is insured" part. If not explained or clarified, such vague terms could lead to uncertainty about coverage, especially if these terms are further specified in other documents without specific reference being provided in the IPID. For example, an IPID listed which "Atmospheric events" under the "what is insured section" but damages caused by ice were then excluded in the terms and conditions.

2. *Unnecessary overreliance on external documents*

EIOPA analysis identified IPIDs which balance brevity and clarity with providing sufficient details. However, it also identified a number of IPIDs often referring to terms and conditions and/or other external documents¹¹ without providing relevant information in those external documents. Although it is important to highlight that IPIDs should be concise and provide only the most important and relevant information, in a number of instances EIOPA identified possible overreliance on external documents, thus limiting consumers' ability to understand coverage and exclusion from the IPID. For example, one insurance undertaking included only a few exclusions in the IPID, referring to the Terms and Conditions for others - even though the IPID allowed space to include more information regarding the main exclusions. This requires consumers to go through different documents to understand the main coverage and exclusions. This is particularly concerning,

¹¹ In this context it is important to note, however, that the IDD explicitly allows for the possibility to provide the IPID with other contractual documents such as additional policy terms and conditions based on national insurance contract law.

considering the complexity and length of the terms and conditions, which can make it challenging for consumers to understand the main coverage and exclusions.

3. Differences and inconsistency in defining NatCat events, thus limiting comparability and overall understanding

EIOPA's analysis identified that many undertakings define NatCat events in different ways, limiting consumers' ability to compare products. In its analysis, EIOPA identified a number of good practices with insurance undertakings providing a detailed taxonomy of NatCat perils in the terms and conditions. The analysis also found instances in which the definitions used for NatCat events were not always clear for consumers, including using the same terms for different risks and perils. Some IPIDs use the term "flood" to include both "coastal" and "pluvial" flood in the coverage. Alternatively, some undertakings use "flood" with the exclusion of precipitation-related flooding.

Beyond inconsistencies between insurance undertakings, the analysis also found that a few insurance undertakings also provide inconsistent information in different documents. EIOPA's analysis found that, at times, while full coverage is presented in the IPID, many specific NatCat events were excluded in the terms and conditions. For example, some IPIDs state that "fire" is generally included. However, in the terms and conditions, it was specified that fire due to seismic events, earthquakes, volcanic eruptions, tsunamis, or underground fire were excluded from coverage.

4. Unclear disclosure of supplementary coverage

Although add-on NatCat coverage is often available, the way in which information on add-on coverage is provided, varies significantly. Coverage for NatCat perils is commonly available and often sold as an add-on to the basic household policy. Many insurance undertakings present supplementary coverage clearly, allowing consumers to easily identify which specific NatCat perils can be purchased as add-ons. In other instances, optional coverage is not clearly presented, giving the impression that the NatCat coverage was automatically included in the coverage rather requiring the consumers to buy it as an add-on.

In addition, the names used for the main household insurance coverage can often mislead consumers as to whether they need add-on coverage or not. Some insurance undertakings use product names such as "total insurance", but then do not cover certain high-risk perils. Some consumers may not have a complete understanding of their coverage needs, due to the way this information is presented. Acknowledging this potential issue, some insurance undertakings took steps to address this. For example, some reported that instead of using terms such as "all risk" to describe a particular option for the coverage, they have changed wording and use terms such as "the most comprehensive".

2.2 COVERAGE LIMITATIONS, WHEN NOT CLEARLY DISCLOSED, CAN AFFECT CONSUMERS' UNDERSTANDING

Although coverage limitations are a necessity for insurance undertakings, it is important that they are clearly presented to facilitate consumers' understanding. Embedding limitations in coverage is a standard practice for insurance undertakings, as these are necessary to ensure the provision of comprehensive coverage. However, the analysis identified that, at times, coverage limitations are not clearly presented to consumers:

1. *Limitations on type or magnitude of damage.* In many instances, IPIDs mention that the policy generally covers earthquake damage. However, in terms and conditions, it was found that it was covered only if the earthquake falls into a specific type of earthquake-related event (e.g. often using a certain threshold on the Richter Scale). Other IPIDs mention that flood damage is covered. However, in the terms and conditions, several instances were found that flood damage is only covered if the water is immediately removed or withdrawn from the building.
2. *Time or frequency limitations.* Some NatCat damages are excluded within the initial month after the contract – this was often the case for flooding, earthquakes, and landslides. In other policies, the coverage for hail entering the roof is covered only once every 5 years. In another case, a policy limits indemnity for flood damage to once every five years, leaving consumers vulnerable to subsequent flood events. While these limitations are often necessary, the analysis identified that this can be misleading if the IPID states these events as being “fully” covered.
3. *Geographical limitations.* The analysis found a number of policies that exclude damage caused by flooding or storms if the property is located near a river or sea, even if the policy otherwise covers these perils¹². While this is done because these are clear high-risk areas, the analysis found this was not always clearly disclosed in the IPID or in the Terms and Conditions.

Transparency and clarity in insurance products, particularly in high-risk NatCat areas, can positively affect insurance uptake and close the protection gap. EIOPA's behavioral studies and consumer research indicate that when consumers clearly understand the level of protection provided by their basic household insurance, they are more likely to buy coverage that aligns with their needs¹³.

¹² However, in the case of these limitations, the target market of the product was not adjusted to indicate that the product was not suitable for consumers in these zones.

¹³ [Staff paper on measures to address demand-side aspects of the NatCat protection gap](#)

2.3 THE DEFINITION OF TARGET MARKETS MAY DIFFER IN LEVELS OF GRANULARITY

A clearly defined target market can enable the identification of demands and needs and limit mis-selling. Since 2018, with the introduction of product oversight and governance (POG) requirements, insurance undertakings are required to identify the hypothetical group of consumers for whom the product is intended. This should enable the product testing as to whether the coverage provided is aligned to such demands and needs, which, in turn, enables the specification of the customer's demands and needs at the point of sale. This process is meant to limit mis-selling, including facilitating the distributors' role in determining consumers' demands and needs.

EIOPA's analysis shows that a few insurance undertakings identify and determine target markets in a detailed and granular manner. Some insurance undertakings reported detailed and granular target markets specifying income level of the targeted consumers, type of terrain and geographic location of the insured object. Moreover, some undertakings reported target markets which specify in which situations the different risk coverage options were more suitable (e.g. recommending the purchase of the flood add-on coverage if the house is located in a flood-prone area). A few insurance undertakings also identify and provide information on the negative target market.

EIOPA's analysis also identified that most insurance undertakings do not clearly specify the target market. In a number of instances, the analysis revealed that target markets are defined in a general way, without specific considerations of consumers' needs about coverage for NatCat perils. For example, some undertakings state that their target market is "individuals and households" without providing any further details.

High-level target markets may limit distributors' ability to assess whether add-on coverage is needed. While high-level target markets often result in the product alignment with their demands and needs in general terms, it can limit the ability as to whether coverage for specific risks and events is required. This lack of specificity makes it difficult for distributors to determine whether the target market may require coverage for NatCat events and thus whether add-on coverage should be offered to a particular group of consumers, especially if the areas served may be regularly exposed to one or more NatCat events leaving customers vulnerable to unprotected losses.

2.4 PRODUCT MONITORING AND REVIEW FOLLOWING NATCAT EVENTS ENABLES THE IDENTIFICATION OF ADEQUATE COVERAGE

EIOPA's *Supervisory Statement on Exclusions* published in 2022¹⁴, identifies that the product monitoring and review process can ensure coverage is clear and aligned to the target market's need, objectives and characteristics, particularly, following NatCat events. Considering the importance of the POG process, in 2022, EIOPA emphasised the need to ensure that insurance product manufacturers, following NatCat events, should review their product to determine whether coverage and exclusions are still aligned to the target market's needs, objectives and characteristics. It further clarified that in case of insurance product manufacturers reviewing products or including new exclusions to limit their losses, it is important to follow the POG review process to consider the target market's needs, objectives and characteristics.

EIOPA's analysis found that a few undertakings have put in place Key Performance Indicators (KPIs) and a clear review process. The analysis showed that some insurance undertakings developed specific KPIs (such as number of complaints received) and associated thresholds, to determine when product reviews are needed. Other insurance undertakings put in place regular checks and audits to ensure disclosures are up to date and actually reflect coverage. One insurance undertaking, for example, reported it used to sell separately additional coverage for damages stemming from hail. However, after receiving many complaints in relation to their basic coverage because it excluded damages from hail, the product was reviewed to include hail in their "standard" option¹⁵.

However, most insurance undertakings rarely review or update their IPIDs¹⁶ in response to significant events, such as NatCat events, in a significant manner. For most of the undertakings in the sample, it emerged that reviews are not frequent and that, if there are reviews to limit coverage following NatCat events, the full POG process is not systematically followed. Similarly, most undertakings did not use information coming from complaints data to prompt product reviews¹⁷.

¹⁴ [Supervisory statement on exclusions in insurance products related to risks arising from systemic events - EIOPA](#)

¹⁵ The undertaking reported that they had changed their strategy: rather than having multiple "optional" supplementary coverages, now they sell a more "comprehensive" policy as their standard. According to this new strategy, it is possible to limit NatCat cover on a client-by-client basis and put various limitations in the policy. The same insurance undertaking reported that including the risk in the standard policy means that the insured pool increases, which reduces adverse selection (the situation where only high-risk individuals buy the add-on). Since the risk is spread over a larger group, the overall price increase was smaller than if only high-risk customers had purchased the add-on. In short, making it standard coverage allowed for risk pooling, keeping the premium increase lower than it would have been, if offered selectively.

¹⁶ Although the IDD does not explicitly refer to the need to review or update the IPID, the implication of the COM's response to [Q&A 2324](#) is that where changes made to the insurance contract are the consequence of changes to the insurance product (as opposed to further personalization/individual tailoring of the terms & conditions of the coverage based on negotiation between the parties), the insurance distributor would be expected to update the IPID (as a stand-alone document provided for the target market).

¹⁷ Only 8 out of the 29 undertakings mentioned the use of complaints data in the survey, which indicates an underusage of the information coming from complaints data to prompt a product review.

2.5 PROACTIVE INITIATIVES ARE BEING DEVELOPED TO PROMOTE CONSUMER AWARENESS

Raising awareness about NatCat risks and availability of coverage can increase uptake and help closing the NatCat protection gap. EIOPA's *Staff paper on measures to address demand-side aspects of the NatCat protection gap*¹⁸, identifies that the third most reported reason by uninsured participants for not being covered was the lack of awareness of the existence of NatCat coverage¹⁹. For this reason, EIOPA explored whether undertakings have fostered initiatives to increase consumers' awareness of the risks associated with NatCat regarding the availability of the coverage.

Examples of actions taken by insurance undertakings to raise awareness are reported below:

- ▶ The most common are FAQ sections on undertakings' websites, and articles explaining the benefits of having a NatCat coverage.
- ▶ Some undertakings provide consumers – in both traditional and social media –with online tutorials on how to best protect their homes through insurance and prevention measures.
- ▶ Some insurance undertakings provide services such as live text and news updates on upcoming NatCat events, and the possibility of dispatching assistance teams in the event of an occurrence of a NatCat peril.
- ▶ Some undertakings proactively inform their policyholders, via a specific messaging app, on how to quickly and easily report damages after a NatCat event.

¹⁸ [Staff paper on measures to address demand-side aspects of the NatCat protection gap](#)

¹⁹ The first was the perceived unlikelihood of NatCat events while the second was related to the affordability of the product.

3. ILLUSTRATIVE EXAMPLES TO ENHANCE CONSUMER EXPERIENCE

This section provides *Illustrative Examples*, on how to effectively provide information on NatCat coverage and exclusions, also considering EIOPA’s Supervisory Statement on Exclusions²⁰ and based on some market practices observed. These examples are not intended to be additional requirements and/or formal guidance, but they provide practical elements on how to provide consumers with information on coverage and exclusions for NatCat perils:

➤ **Illustrative examples to ensure clarity of coverage in IPIDs**

- Usage of consistent terminology between terms and conditions and IPIDs and avoiding different words and descriptions for similar perils.
- References to external documents only when strictly necessary, ensuring that the IPID can fulfil its purpose as a stand-alone document – for example, including all the most important exclusions in the IPID and referring to the Terms and Conditions for specific details regarding coverage.
- In cases where NatCat perils are included in supplementary coverage, make consumers understand which perils are included and which are not and avoiding misleading names in relation to the basic coverage.

➤ **Illustrative examples to better disclose coverage related limitations**

- Usage of visual aids like images, charts, and tables in Terms and Conditions that can facilitate comprehension. For example, making use of simple and intuitive tables to illustrate the different type of limitations per peril.
- Usage of clear limitations – especially when referring to specific geographical restrictions – directly in the IPID to enhance consumers’ understanding.
- Provision of guidance to insurance intermediaries regarding coverage limitations and effectively monitoring whether a product is being sold inside or outside the target market.
- Usage of clear descriptions of coverage and using scenarios to facilitate understanding. For example: “if your house gets flooded in 2025 this will be covered; however, if there is a subsequent flood before 2030 this will not be covered”.

²⁰ Supervisory statement on exclusions (September 2022)

➤ **Illustrative examples to enhance the Target Market Assessment**

- More granular specification of the target market enabling a more accurate assessment of coverage. For example, specifying that consumers within the target market who live in areas prone to a particular NatCat peril may require add-on coverage.
- When necessary, a specification of a negative target market, enabling the identification of the consumers which may be exposed to specific perils and for which products offering general household coverage may not be sufficient.

➤ **Illustrative examples to improve the review, update, and monitoring process**

- Regular review and updates of IPIDs, especially after significant events, to ensure they remain up to date and meet evolving consumer needs in light of NatCat events²¹.
- Development of KPIs for the review, update, and monitoring process, to ensure that insurance products remain relevant and effective. For example, monitoring and usage of complaints data (including not only the number of complaints but also causes for the complaints and handling methods) can be made to assess the need for a product update.

➤ **Illustrative examples to foster consumer awareness of NatCat risks**

- Leveraging, in full compliance with the existing regulatory framework, of social media, online platforms, and other digital channels to provide ongoing support and information on NatCat coverage. For example, development of blog articles, FAQ sections, and interactive tools to engage with consumers and promote insurance literacy.
- Implementation of innovative communication strategies to provide timely and relevant information to customers before and after a potential NatCat event, including prevention communication and links to simplified processes of claims-handling. For example, a policy mentioned in the IPID that it covered snow damage, but terms and conditions specified that it is “covered only if damage to roofing or constructions has occurred no later than 48 hours counting from the end of the day of the heavy snowfall”. In this case, a simple SMS could be sent after the snowfall event to remind the policyholder about this detail, who could in turn have the incentive to remove the snow from the roof to avoid being excluded from the coverage.

²¹ Also considering Q&As published by EIOPA, such as Q&A [2267 - Requirements to test and review existing products - EIOPA](#) and Q&A [2324](#) (Modification of information in the IPID following changes to a product)

4. CONCLUSIONS

Insurance undertakings play a crucial role in facilitating uptake of NatCat through ensuring information on coverage and exclusions is presented in a clear and transparent manner. EIOPA's analysis has identified numerous good examples where insurance undertakings provide clear information so that consumers can make informed decisions as to whether they require add-on coverage. These include, for instance, the use of clear and non-misleading wording, a well-defined taxonomy of NatCat perils easily retrievable in the terms and conditions, a structured IPID review process and the use of digital tools to guide consumers through the purchasing process.

The IPID can be a extremely useful tool which, if properly designed, can allow consumers to easily and quickly answer the question: *“Is your home covered for natural catastrophes?”* and avoid the *“insurance illusion”*, a situation in which consumers might mistakenly believe that they are covered for NatCat events.

The analysis, however, also highlights areas for potential enhancement to ensure that consumers understand whether they are covered or not and for which NatCat perils. Through robust POG processes and consumer-friendly disclosures, insurance undertakings can directly impact the way consumers make decisions about their insurance coverage, ensuring they are well-prepared and protected against unexpected financial losses. Digital tools can be used by insurance undertakings in various ways: by helping consumers understand their coverage (e.g. via chatbots), by proactively reaching out to consumers in order to limit damages in case of NatCat events, by using automated tools to facilitate claims management or by providing advice on the implementation of mitigation measures.

Within its mandate, EIOPA will make use of the findings of this report for its activities and continue to monitor market trends and development and promote consumers' financial resilience. This could include looking at disclosures to reduce the burden on consumers, insurers, and intermediaries and improve consumer understanding²².

Moreover, EIOPA is working on the development of an awareness tool²³ that can be used by all Europeans to better understand the potential impacts of NatCat on their properties, therefore contributing to the financial resilience of consumers. The risk-awareness tool proposal envisages risk information on potential local hazards covering all EU Member states, to help homeowners better grasp their level of risk exposure, offering prevention measures which could support them in reducing potential future losses.

²² Bolder, Simpler, Faster: EIOPA's views for better regulation and supervision

²³ Consultation on a blueprint for an awareness tool for natural catastrophe risks and prevention measures - EIOPA

ANNEX 1: ADDITIONAL FINDINGS STEMMING FROM SURVEY DATA ANALYSIS

1. Flood, landslide and earthquake are often sold as “optional” NatCat coverage.

By looking at the IPIDs and the terms and conditions, general insights can be made as to whether specific perils are systematically included/exclude for the policies. The majority of Natcat coverage is typically sold as combination of the standard fire and damage insurance with optional/supplementary packages.

The table below²⁴ provides an overview of the NatCat perils offered in the basic and/or supplementary package household insurance product by the undertakings participating in the sample, divided per country.

PERILS	COUNTRIES							
	A	B	C	D	E	F	G	H
<i>Hail</i>	●	●	●	●	●	●	●	●
<i>Windstorm</i>	●	●	●	●	●	●	●	●
<i>Wildfire</i>	●	●	●	●	●	●	●	●
<i>Flood</i>	●	●	●	●	●	●	●	●
<i>Landslide</i>	●	●	●	●	●	●	●	●
<i>Earthquake</i>	●	●	●	●	●	●	●	●

Legenda

- Peril mostly included
- Peril mostly sold as optional
- Peril mostly excluded

Generally, across the eight countries in the scope of the analysis, hail, windstorm, and wildfire are the most covered NatCat perils in the basic household package. On the other hand, earthquake, landslides, floods seem to be the perils that are most sold as optional or otherwise excluded.

2. Undertakings in the same country can have different perceptions on the riskiness of occurrence of the same NatCat peril.

In the survey, undertakings were asked to rank the order of the most occurring NatCat perils in their jurisdiction and/or areas where the undertaking operates.

By analyzing the results, variations in the scores were found between undertakings serving the same jurisdiction, indicating that risk perception can differ substantially between them. When viewing the disparities in ranking, coastal flood, flood, and earthquake demonstrate the greatest variations

²⁴ It is worth noting that the table is meant to be a simplified way of displaying the most included and excluded NatCat perils in the “standard” or “basic” household coverage. Please note that, even if limitations to coverage of a particular NatCat perils are put in place, these are considered as being “covered” (namely, green). Moreover, please note that, to allow for comparability, flood includes pluvial, fluvial and coastal flood.

in scores. This is particularly notable when undertakings that serve specific jurisdictions still exhibit some disparities in their scores. While this might be likely be caused by the different (geographical) areas served within the same country, the variation in rankings may also suggest that undertakings use different methods or criteria to assess the frequency and severity of perils in their jurisdictions.

However, when comparing the riskiness perceived by undertakings and the exclusions mentioned in the associated IPIDs, the analysis highlights that there is no clear connection between these two variables. The fact that some perils are perceived as highly risky does not necessarily mean that insurance undertakings will exclude them from coverage.

ANNEX 2: METHODOLOGY AND LIMITATIONS OF THE REPORT

To assess the clarity of IPIDs, EIOPA decided to narrow the scope of the investigation, focusing primarily on home insurance, as it is the most common non-life insurance policy owned by EU consumers, with 62% of households holding such a policy, according to the most recent Eurobarometer data²⁵.

EIOPA mostly analyzed products sold only in countries with a relevant NatCat protection gap. The eight selected jurisdictions were: Croatia, Italy, Romania, Estonia, Latvia, Greece, Portugal, and Slovakia. Undertakings participating in the study were asked to provide the IPID for their two most sold household products, to complete a qualitative survey and, on an optional basis, to provide the terms and conditions of their policy. Together with 8 National Competent Authorities, EIOPA analyzed a total of 45 IPIDs and 22 terms and conditions from 29 undertakings.

This analysis has some limitations:

- ▶ EIOPA did not request specific natural catastrophe (NatCat) insurance products, as not all undertakings offer dedicated NatCat products. The aim of the analysis was to determine if the basic household coverage provides sufficient information for consumers to determine whether they need add-on coverage.
- ▶ The analysis is sample based. This restricts the ability to draw fully comprehensive conclusions about the state of the NatCat coverage market.

²⁵ Eurobarometer Survey Results 2024 – available [here](#).

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