

IN BRIEF

#INSURANCE #NATCAT

THE CASE FOR DEVELOPING AN EU-WIDE RISK PREVENTION AND AWARENESS TOOL AGAINST NATURAL CATASTROPHES

Increased weather variability due to climate change is leading to more intense and frequent natural hazards such as floods or storms. This is making EU citizens, especially current and future owners of private and commercial properties, increasingly exposed to damages caused by these weather extremes.

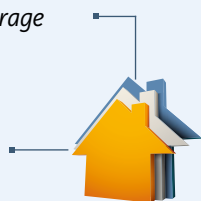
QUESTIONS LIKE:

Do I have the right insurance coverage for my property?

Is my house, or the house I would like to purchase, situated in a high-risk area?

What kind of prevention measures can I take so that extreme weather events have less impact on myself and my property?

...often remain unanswered.



EU citizens and businesses who own a property or are looking to purchase one, often lack the necessary information about how to best protect themselves and their property against natural hazards such as floods, storms, wildfires, and earthquakes.

This is indeed problematic, because better awareness about natural and climate-related hazards, their risks and appropriate prevention measures has the potential to:

- › Keep property insurance with coverage against natural catastrophes available;
- › Foster measures that reduce citizens vulnerability to extreme weather events;
- › Reduce damages and financial losses;
- › Increase the uptake of appropriate insurance coverage among European citizens.

To address some of these issues, EIOPA calls upon the development of an EU-wide risk prevention and awareness tool against natural catastrophes.

EIOPA lays down the main characteristics of this tool, called PROTECT, in a detailed paper.

It explores the design possibilities and offers realistic options regarding the type of data and the methodologies that can be used to develop the tool.

It gives practical recommendations to achieve the right balance between data accuracy, complexity and user-friendliness to allow the tool to be used at large scale by all European citizens.



KEY FEATURES OF THE TOOL



RISK SCORE

The level of risk exposure to various natural hazards based on the area of residence of the property owner;



INSURANCE COVERAGE

Measures related to insurance coverage, providing information on the importance of being aware of exclusions, as well as on national insurance schemes that can be purchased to cover natural catastrophes;



PREVENTION MEASURES

The most common hazard-related prevention measures per type of peril before/during/after the event;



IMPACT OF PREVENTION MEASURES

Information about the benefits of adequate insurance coverage and of prevention measures.

METHODOLOGY AND ANALYSIS

Analysis of existing tools



To support this work, EIOPA performed an analysis of 77 private and public tools used globally to raise awareness about natural hazard risks.

This analysis helped EIOPA not only to understand what the features that existing tools are currently offering, but also to identify the essential characteristics that a new tool should include to address possible shortcomings.

Behavioural analysis



EIOPA has also leveraged a variety of behavioural nudges and consumer behaviour techniques and assessed the relevance as well as the difference in effectiveness of certain features in risk prevention and awareness tools. These options were tested with a target group.

NEXT STEPS

EIOPA welcomes further discussions at European level on the opportunity to develop such a tool and expects the discussion to take into account the proposals included in this paper.



LEARN MORE

Read EIOPA's paper to learn more about PROTECT, the risk and prevention awareness tool for natural catastrophe risks and prevention measures.

