



EIOPA Sustainable  
Finance Conference  
2026

# ENSURING CONSUMERS UNDERSTAND WHAT THEY ARE COVERED FOR

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## **THREE KEY QUESTIONS**

**Why are consumers not  
buying NatCat insurance?**

**Do consumers know what are  
they covered for?**

**How can we ensure consumers  
understand what are they covered for?**

Current  
state

Natural catastrophes are intensifying  
in severity and frequency

Recent events have  
shown that  
consumers are  
facing damages and  
losses from natural  
catastrophes



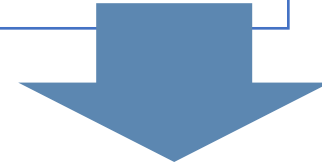
- **Windstorm** hitting Ireland in January 2025.
- **Windstorm** and **hail** hitting France, Austria and Germany in June 2025
- **Wildfires** hitting Spain in August 2025
- **Windstorm** hitting France and Belgium in January 2026
- **Coastal flood** hitting many regions in South Italy in January 2026
- **Windstorm** hitting Spain in January 2026.
- **Flooding** hitting Portugal in February 2026.



# SETTING THE SCENE

**Current  
trend**

Despite **NatCat events rising**, data shows that **NatCat insurance uptake in the EU remains limited**



**EIOPA Dashboard on  
Insurance Protection Gap  
(1980-2024)**

Only **around one quarter of losses** from extreme events in Europe were insured

**Eurobarometer data  
(2025)**

Only **17% of EU consumers** reported owning a **coverage for damage to property from NatCat events**

Only **61%** of EU consumers indicated being **satisfied with the claims handling process** for their coverage for damage to property from NatCat events

*less than private health insurance (74%)  
or motor insurance (70%)*

# DEMAND SIDE VS SUPPLY SIDE: A FALSE DICHOTOMY

Is the insurance protection gap only a demand-side issue? Not really..



**DEMAND SIDE**

Risk and coverage  
awareness, prevention



PROTECT, factsheets,  
prevention measures and  
impact underwriting

EIOPA's initiatives

**SUPPLY SIDE**



Innovation, affordability,  
clarity of disclosure



Foster and facilitate  
innovation, improve  
disclosure, lower costs (PPPs)

# 1. WHY ARE CONSUMERS NOT BUYING NATCAT INSURANCE?

Source: EIOPA's Staff Paper on Measures to address demand side aspects of the NatCat protection gap



## MAIN BARRIERS



**Lack of clarity of coverage and costs**



Premiums perceived as too high/unaffordable



Complex purchasing process



Underestimation or misperception of risks



Expectation of government compensation



Limited access



Lack of trust



Low financial literacy and product complexity



## POSSIBLE INTERVENTIONS



**Simplify and improve clarity of disclosures**



Improve transparency on coverage and costs



Provide comparison tools (not just price-based)



Make the purchase process easier



Increase risk awareness (e.g., digital risk tools)



Offer premium incentives for risk mitigation measures

# 1. WHY ARE CONSUMERS NOT BUYING NATCAT INSURANCE?



Low NatCat insurance uptake leads to  
**growing protection gap and financial vulnerability**



**Key drivers of low uptake have been identified:**



Lack of clarity and limited understanding of NatCat coverage

**Potential outcomes:**

**1**

**Underinsurance**  
*("insurance illusion")*

**2**

**Limited  
comparability**

**3**

**Mis-selling**

## 2. DO CONSUMERS KNOW WHAT ARE THEY COVERED FOR?



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Source: *Is your home covered for Natural Catastrophe?*

**Definitions of NatCat event coverages are heterogeneous,**  
with some IPIDs using unclear, vague or inconsistent language

### KEY LIMITATIONS IDENTIFIED

**Geographical  
limitations**



**Magnitude or speed-  
related limitations**



**Time or frequency  
limitations**



### EXAMPLES:

Policy excludes damages from flood if property is located near a river or sea

Policy only covers perils if they reach specific numerical thresholds  
(e.g. Richter scale for earthquake, X km/h for windstorms)

Policy excludes coverage in first months after the start of the contract or only if event occurs once every X years

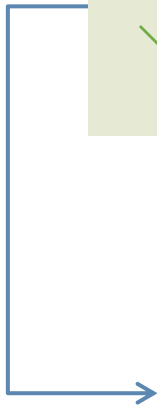
### 3. HOW CAN WE ENSURE CONSUMERS UNDERSTAND WHAT ARE THEY COVERED FOR?



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**Fostering coverage clarity is key to narrowing the NatCat protection gap**



**EIOPA plans to promote coverage clarity by proposing solutions to simplify disclosures and facilitate consumers' understanding of exclusions.**



With the aim of fostering **more clarity for consumers of NatCat perils' coverages**, via the provision of more intuitive and consumer-friendly information





Supporting genuine understanding of coverage, exclusions and limitations could:

1

Facilitate **comparability** and contribute to more informed consumers' decisions by providing clear, easily findable and easily understandable information about NatCat coverage exclusions and limitations

2

Address situations of «insurance illusion» where consumers might find gaps or exclusions only post-loss, thus **avoiding mismatches between consumers' reasonable expectations and what is actually covered**



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**THANK YOU!**