IRSG

INSURANCE AND REINSURANCE STAKEHOLDER GROUP

Advice on EIOPA's consultation on Blueprint for an awareness tool for natural catastrophe risks and prevention measures

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European Insurance and Occupational Pensions Authority

Preliminary observations

The IRSG welcomes initiatives that intend to contribute to reduce the insurance protection gap for natural catastrophes, and to foster society's adaptation to climate change. Raising awareness among European citizens is a matter of critical importance for insurance companies and consumer's protection organizations. The European protection gap is partly driven by demand-side frictions, stemming from a limited perception of insurance-related risks. Cultural and behavioural factors contribute to the insufficient recognition of prevention measures and the value of insurance instruments. Some behaviours are aligned with the literature on rational inattention — for instance, households may deliberately choose to overlook the economic impacts of climate change on their wealth in order to prioritize other concerns they deem more pressing. Other behaviours, by contrast, reflect a genuine underestimation of climate change-related risks, whose full extent remains insufficiently acknowledged by both businesses and citizens. Collectively, these trends give rise to frictions in insurance demand, namely barriers that hinder economic agents from making informed and appropriate decisions on their insurance coverages.

The increasing frequency of extreme events, coupled with demand-side frictions, underscores the need for appropriate policy measures to mitigate the expansion of the resulting protection gap. In this context, a tool designed to enhance European citizens' and businesses' awareness is highly welcomed, and it could contribute significantly to strengthening the resilience of the European economy as highlighted by EIOPA and ECB in their joint proposals to reduce economic impact of natural catastrophe.

We believe that for the tool to be genuinely effective it should incorporate well-defined and strategically designed features :

- Users : While the Blueprint targets mainly homeowners, the project could be extended to cover also private-owned businesses and companies (including SMEs, farmers, entrepreneurs, …). It is also recommended to extend its scope even further by making the digital solution also useful for professionals (SMEs, corporates, insurers, intermediaries) and authorities responsible for local adaptation and mitigation measures .. If the group of potential users of the tool is further extended, the benefits to retail homeowners could be also mediated through these institutions. Extending the audience could maximize (and accelerate obtaining) the benefits of this initiative. Similar reasoning applies to authorities/civil servant in charge of managing public assets and activities, which materially contribute to the insurance protection gap; raising awareness amongst public servants by promoting the use of the tool would indirectly raise awareness on all citizens. Providing triage questions at start of using the tool could help target questions and answers that are relevant and understandable to the user.
- Educational focus : Whoever the users are, we believe that one of the tool's most important objectives is to serve as an educational resource. While the effects of climate change are widely recognised by scientists and professionals, they remain poorly understood by a significant portion of the population, particularly regarding their impact on wealth and real estate assets. Therefore, the tool should aim to bridge this educational gap, especially considering the persistently low level of insurance literacy in many European countries. After having been incentivized to apply effective climate risk management practices, citizens should, by using the tool, gain a basic understanding of how insurance solutions can help mitigate potential damage to their properties and receive a list of best practices to follow in case of catastrophic events.

Policymakers could also increase their knowledge and expertise by gaining easy access to data that would help them adopting measures that would support prevention, mitigation and overall resilience at municipality and/or regional levels.

- **The blueprint tool should be adapted to the users' purpose.** The tool proposed by EIOPA should provide users with an initial risk assessment, without delving into extremely tailored evaluations. Consequently, any attempt to include detailed metrics or quantify premium savings resulting from preventive measures should be avoided, as such analyses require highly specific and detailed information. The objective is (i) to promote effective climate risk management practices and encourage ordinary users, who may have limited insurance knowledge, to gain a better understanding of the risks their properties may be exposed to, and (ii) for institutional or professional users, to have access to sufficiently detailed information to identify reasons to take actions or adjust decisions. Users seeking more specific insights should be encouraged to consult their insurance providers and/or obtain appropriate professional advice and guidance from e.g. intermediaries.
- **Ease of use and interpretability of outputs.** The tool should be designed to provide a seamless (and measurable) user experience, with clear and easily interpretable feedback. Overly complex metrics, forward-looking projections, or results characterized by a high degree of scientific uncertainty should be avoided. The tool should be structured in such a way that (i) all European citizens can easily obtain a preliminary feedback on the risks affecting their properties, and (ii) all municipalities, regions or businesses can consult data to develop a more informed decision-making process.
- **Engaging visual presentation.** The tool should incorporate high-quality data visualization, prioritizing maps, charts, and color-coded representations over raw numerical metrics. The overarching principle is that the information provided should serve as a catalyst for users to deepen their understanding and engage with relevant experts, which can offer more quantitative insights and tailored services.
- **Other elements** :
  - As a general consideration, raising awareness is not a "one size fits all"; it also depends on the pre-existing level of knowledge : similar to what is made in private investment banking where it is compulsory according to MiFID requirements - one could imagine assessing the level of knowledge and understanding of the user prior to guiding him/her through the tool (kind of "user knowledge scoring" before starting the process - both on the insurance and risk aspects – to secure a tailored and understandable outcome).
  - Data accuracy and reliability is key. With regard to the choice of data underlying risk estimates, natural catastrophe risk analyses should not rely only on a single provider. A comprehensive risk assessment should be based on data from a broad range of sources, as risk analyses — particularly those with a high level of granularity — are highly dependent on the quality of the information provided by data providers and from the latest update of the model releases. It should be stressed that geocoding is not sufficient to assess NatCat risk. Other multiple (and reliable) data are necessary to make an assessment of the risk as reliable as possible; for instance each floor of a given address will not be subject to the same flooding risk depending on the height of the insured property. One of the key advantages that the tool would provide for insurers would be that, at the moment, insurers in the EU need to access several data sources located in different places to find out different views on e.g. flood data. The tool could

provide a single view about the different risks that potential policyholders face and allow for more efficiency in accessing relevant information about those risks.

- The impact of such a tool on the value of property or on the costs of preventive measures should not be underestimated. Care should be taken to limit / avoid misled decisions made by policyholders following the use of the tool, which could subsequently trigger the question of liability.
- The mitigated measures to propose might not be under the control of the owner. In that respect, the tool could bring out the importance of collective action by showing visualizations of the impact of community-level interventions.

In general, to ensure that resources are used adequately, we suggest that, before developing the tool, EIOPA produces a proof of concept which explains the end-to-end process of how the tool should be used and details how the tool will yield decision useful information, bring benefits for EU citizens and improve risk mitigation. This proof-of-concept should clarify EIOPA's theory of change: is the tool meant to help consumers directly (by giving them accurate information about the risks affecting their property) or indirectly (by supporting more efficient insurance markets, more evidence-based policies on NatCat issues and more collective action against NatCat risks).

We further recommend that EIOPA runs a pilot scheme for the tool, rolling it out initially only to a select target audience of users and a selected geography. It might make sense for EIOPA to run its pilot in a region within the EU that is covered by compulsory NatCat coverage. It might be easier to gather data about the interaction between NatCat risks and insurance markets in a market where there is more NatCat coverage (e.g. France). It might also be worth focusing on risks posed by commercial properties during the pilot exercise: there is likely to be more availability of data for commercial property risks than retail property risks. If and when the pilot exercise is successful, then rolling out the tool to a wider range of users across the EU could be considered. Such a progressive approach would encourage starting rapidly to develop such a tool rather than aiming immediately for perfection, which would trigger unnecessary delays and could lead to disappointment.

Options and question about EIOPA tool design:

DEFINE THE LOCATION TO PERFORM THE ANALYSIS :

- Q1a: Do you have other suggestions in addition to the ones already proposed?
- Q1b: Do you have other arguments that could support or invalidate any of the options proposed?
- Q1c: In your experience, which option do you consider will bring more benefits for the outcome of the tool?

Q1a	• About hazard scope : we agree in general with the proposed scope which corresponds to major perils. The severe convective storm perils (hail/tornadoes/ straight lines winds) should be added as these perils are very much impacted by climate change. It is believed that drought/subsidence (also referred as clay shrinkage/swelling) should not be considered as an

	« optional » as its weight is significant in certain countries exposed to flood and drought (e.g. France, Spain). • About location to perform analysis : theoretically, a high level of granularity would be preferable; from a practical standpoint, we recognize that this presents significant methodological challenges and issues related to the actual availability of data. Therefore, we believe it is crucial to maintain EIOPA's ability to utilize reliable and high-quality data, even if this requires renouncing some level of granularity in the information. When high quality data is available, the users should be able to have access to detailed information (i.e. at individual building / property level) while being able to zoom out so as to have access to wider risk information about the community within which the property is situated.
Q1b	• Wide diversity of ways to locate a property needs to be taken into account when developing the tool, which could invalidate certain options (e.g. using postcode is not valid reference in certain countries e.g. Spain). Geocoding is therefore deemed the most effective way to make this type of tool effective. Risks impacted by climate change such as coastal floods require to have a very specific and precise geocoding. • Although they should be carefully analysed and assessed to ensure due protection to consumers (e.g. by securing value for money of insurance products or avoiding artificial increase in real estate prices), GDPR-related concerns are deemed manageable, so should not restrict the option that would provide sufficient details at property / area level.
Q1c	From the user's engagement perspective, the best solution might be to combine option 1 (enter the address of the location) and 4 (scroll on map). This would enable the tool to function as an interactive map.

Chapter 5: Risk Score

DISCUSSION ON THE TIME HORIZON OF THE RISK ASSESSMENT

- Q2a: Do you have other suggestions in addition to the ones already proposed? Please explain further.
- Q2b: Do you have other arguments that could support or invalidate any of the options proposed?
- Q2c: In your experience, which option do you consider will bring more benefits for the outcome of the tool?

Q2a	Additional suggestions formulated are as follows : • Were it possible to make a pre-emptive assessment of the level of expertise as well as the risk sensitivity of the users, the tool could tailor the outcome of said assessment to the profile of the user (similar to a MiFID questionnaire as applicable in private investment domain). • Required information vary by user and user type and thus requires a smart concept of risk score provision. While keeping its initial objective to foster the public's awareness, the tool

	could also be designed to disclose some more-detailed information in order to satisfy the need of the users with higher expertise who would like to get actionable information (e.g. what is the frequency windspeed exceeding a certain threshold within a certain return period). • Providing a risk score that is uniform across the different time horizons (and hence, can reflect the potential change in risk that the location will undergo in time) should be an effective way to communicate the location's risk level. This should be accompanied by a methodology document that explains, what each score/risk level means for the user. • Adding historical observations and future predictions would be helpful but always highlight the limitations and the level of uncertainty. • The current level of risk plus an indication on the trend for future years (upwards, stable, downwards) would be also a reliable way to use actual data.
Q2b	• Climate trends might not be the main driver of changing risk at many residential locations. Huge driver of flood risk is the accelerating soil sealing and resulting increased run-off into water bodies in rain events due to land use changes. • Concerns/limitations have been expressed about options 2 and 3: ○ A quantitative risk score on future climate risks (option 2) is uncertain (in absence of highly reliable data, it would be hazardous for the tool to convey the sense that the future is determined as predictive models can vary significantly, their accuracy being heavily reliant on the assumptions underpinning them) and should be provided carefully as it could disrupt the real estate market. If used, it would be necessary to establish the future time horizon on which the feedback should be based (e.g., 5 years, 10 years, 30 years). ○ About historic losses (option 3), they pose data privacy question as this could entail disclosing information on losses. Also, historic losses are an incomplete view of the real today's risk because the exposure may have greatly evolved.
Q2c	Option 4 is supported by the majority, although some confidentiality concerns have been expressed about mixing option 3 with other options as combination should only rely on present and future risks only (see Q2b above).

DISCUSSION ON POSSIBLE METHODOLOGIES TO DERIVE THE SCORES.

Questions to stakeholders:

- Q3a: Do you have other suggestions in addition to the ones already proposed? Please explain further.
- Q3b: Do you have other arguments that could support or invalidate any of the options proposed?
- Q3c: In your experience, which option do you consider will bring more benefits for the outcome of the tool?

Q3a	No additional option proposed.

Q3b	Risk perception about likelihood might vary per person, so colour rather than # is deemed to be more effective to guide the user.
Q3c	• For citizens, it is crucial to provide them with clear and accessible information that offers a realistic assessment of the risks associated with their properties. For this reason, Option 2 might be the appropriate choice, as it utilizes a scoring system based on hazard data, taking into account both hazard intensity and frequency. • Where applicable, for more sophisticated users, option 3 (with caveat of Q3b above) would be most appropriate as it also requires the assessment of vulnerability, which would be more consistent with the definition of risk. It is acknowledged that its adoption represents operational challenges due to the need for highly specific data on citizens' properties and the surrounding environment, which are complex to integrate in the assessment models. This should be the remit of individual insurance companies that are better able to assess the risks a specific property could face. Alternatively, the lack of data on the vulnerabilities of individual buildings may be overcome by collaboration between public administrations, like it is available in Spain. Accurate data might also be grabbed in the future via API technology given that significant projects relative to housing or other buildings data are underway in some countries of the EU.

DISCUSSION ON POSSIBLE WAYS TO DISCLOSE THE SCORE.

Questions to stakeholders:

- Q4a: Do you have other suggestions in addition to the ones already proposed? Please explain further.
- Q4b: Do you have other arguments that could support or invalidate any of the options proposed?
- Q4c: In your experience, which option do you consider will bring more benefits for the outcome of the tool?

Q4a	Additional suggestions made : • Generalize to other hazards an approach similar to Richter scale used for earthquake because of its wide acceptance and understanding by population. • Inform the user whether the property under scrutiny faces a certain level of hazard (high, standard, low - possibly via coloured mapping), together with its upcoming trend (up, stable, down) and the level of vulnerability of the object (standard, above or below average).
Q4b	Option 4 could assign scores (A-G) to individual buildings to express their climate resilience similar to energy efficiency.
Q4c	The right option to endorse would depend on who the user is:

	• For private individual, option 1 and/or option 4 could be recommended because these would provide simplified/recognisable information in the most accessible way to consumers, offering proper balance between details and clarity. • For a professional audience, option 2 or option 3 would provide the most sophisticated possible understanding of the risk affecting a property – and, ideally, the area surrounding the property too. We are aware that the risk of presenting information in the form of Option 1 or Option 4 is that simplified information might be misleading. Consumers might make major life decisions (like buying a house) on the basis of information presented by a government body that seems reliable at the time but in fact unintentionally misstated the risk profile of the property. If the consumer were then to suffer material loss as a result of relying on the tool, the credibility of the tool and its sponsoring authority would be damaged. It is proposed that the core of the information disclosed consist in an overall assessment of the risk exposure of the area/district in which a property is located. More detailed information (where available) could be disclosed at the users' request. As we point out in Q6b and Q6c, we believe that any further evaluation should be left to intermediaries and/or insurance companies.

Chapter 6: Prevention Measures

PREVENTION MEASURES.

Questions to stakeholders:

- Q5a: Do you have other suggestions in addition to the ones already proposed? Please explain further.
- Q5b: Do you have other arguments that could support or invalidate any of the options proposed?

Q5a	Additional suggestions: • The recommendations provided by the tool should be peril specific, location specific and distinguish behavioural and construction measures. Whe addressed to business users, they should also be sector-specific. • This could be complemented with a list of practical measures that could be taken, organised by cost so that consumers can choose based on their budget. The tool could provide guidance for consumers on how to implement suggested measures, and inform of trusted sources for further information that provides independent advise on renovation/adaptation works, or public financial support measures available at Member State level. • The general information provided should be tailored to the risk level identified in the user's search. For instance, when a risk evaluation indicates a high level of danger, a clear and detailed warning is essential. This warning should outline the potential consequences, highlighting the severity of the threats involved. Users should be encouraged to proactively

	establish emergency preparedness plans, equipping themselves with the necessary tools and knowledge for effective crisis management. • Flag the importance of community initiatives as well as individual initiatives. Collective solutions to NatCat threats can often be far more cost effective and impactful than individual ones. While we believe that the tool could give useful suggestion to households, we also believe that the tool could provide support to local authorities that are expected to have a much more comprehensive notion about the efficacy of the single measures. . • There could be 4 categories for each type of hazard : (1) stay informed; (2) get prepared; (3) improve risk level; (4) emergency "to do" list – all with cross-reference to locally designed actions/measures (like those applicable in crisis management rehearsal). Each item should list basic recommendations and point to selected appropriate links, be national or trans-national (for instance weather alerts must rely on reliable information usually under state control or approved by local authorities). For live alerts: during the occurrence of an event, the prevention advices should be strongly coordinated with the adequate/ relevant public authorities (or even totally left to the relevant public authorities). This would avoid paralyzing road traffic for instance • The idea of developing standards could be added in the prevention section. See for example in USA: IBHS.org – Insurance Institute for Business & Home Safety
Q5b	The barriers to consumers adopting preventive measures often relate to the cost of undertaking those measures as much as they relate to a lack of awareness about what those measures are. We recognise that EIOPA does not have direct control over the policy levers that might reduce the costs of undertaking remediation activities (e.g. reducing tariffs on construction related materials and addressing construction skills shortages). However, we would encourage EIOPA to be alive to the realities that the high costs of taking preventive measures will materially reduce EU consumers' ability to undertake such actions, even if such actions are to their long term benefit. We are willing to support EIOPA in maintaining regular dialogue with EU policymakers who do have some influence over policy levers that could reduce the costs of undertaking preventive actions and to encourage them to consider addressing cost frictions.

INSURANCE RELATED INFORMATION

Questions to stakeholders:

- Q6a: Do you have other suggestions in addition to the ones already proposed? Please explain further.
- Q6b: Do you have other arguments that could support or invalidate any of the options proposed?
- Q6c: In your experience, which option do you consider will bring more benefits for the outcome of the tool?

Q6a	Additional suggestions proposed : • As the country of the user/property is identified from start, the tool can directly provide relevant country specific insurance information instead of generic scheme information. Provide directly relevant country specific insurance information, in particular information on which perils are not already standard in the insurance contract in the relevant country, would be helpful to send a clear signal to the user to check out his/her coverage. • Include a link to national tools already available, which are more adapted to local needs. This should be the responsibility of NCAs, hence developed by or with the support of NCAs; the tool could underline the main points and points to selected links locally developed and under the control of NCAs. • Sharing some stories from communities that have successfully implemented relevant remediation measures (whether at an individual or community level), to avoid too technical descriptions. • Use the hierarchical classification of natural disasters proposed by the Center for Research and Epidemiology of Disasters (CRED).
Q6b	• Complexity of the insurance comes often from the difficulty to explain the physical cause of the perils. In addition, some countries offer governmental covers (e.g. CCR in France, Caisse des Calamités in Belgium, CCS in Spain and new pool under study in Italy…) which impact the wording of insurance policies and may add additional complexity in the understanding of the insurance policy to the policyholders. It is therefore important to recognize the complexity of the matter. Local insurance schemes should be explained in clear and user-friendly language; warnings should highlight crucial elements that request perfect understanding. • The paradox is that the more information the tool provides to make the risk environment coherent to consumers, the less accessible the tool will be to a consumer audience. To avoid this risk, when the users ae identified at triage stage as being homeowners, the tool should be designed to primarily give them an outlook of their current exposures to natural catastrophes. For a more detailed consulting both on their risk exposure and on the existing insurance schemes, the tool should redirect them to intermediaries and/or insurance firms. In line with the proposal to develop a 2-tier tool, it is deemed that the tool should also be made useful for a more expert audience who can better navigate that environment and devise public or private sector services that help consumers navigate that environment. • There is a need to explain the key advisory role of insurance professionals (e.g. intermediaries) to navigate complexity. Generally speaking, the paper lacks reference to the intermediary sector which, if adequately promoted, could bring its expertise to help clients understand better these complex risks. The paper states the online tool can be a checklist, including "discuss with your broker/provider" (intermediary/provider), but does not really develop on this. ("broker" of "agent" should be replaced by the word "intermediary). Insurance intermediaries have usually a long-lasting relationship with their clients and support them in case of an insured event. Intermediaries who show their clients the importance of uptake of a comprehensive NatCat-package, are likely to be listened to.

Q6c	Among the proposed options, we believe that Option 2 (provide basic information regarding insurance) is the best choice, although a combination of all the proposed solutions would be the optimal approach. It is essential for citizens to be aware of insurance products, the risks they cover, and to be encouraged to contact insurers and/or intermediaries for detailed information on the coverage offered by individual companies. We believe this is the first and most important step in raising public awareness and bridging the insurance protection gap. Moreover, we believe that providing country-specific aspects of NatCat insurance (Option 1) is particularly important given the different risk exposures affecting various geographical areas. Like more sophisticated users (such as insurance managers) who should have the possibility to access more detailed information about the NatCat coverage in their country, it is deemed important that citizens are made aware of the most significant perils in their countries (especially if their impacts are hardly understood by citizens), as well as the most advanced insurance tools developed to assess these risks. The information provided in each country should also specify whether the subscription to natural catastrophe insurance is mandatory or voluntary and whether there are ongoing public-private partnerships in which the government acts as a reinsurer of last resort. Additionally, introducing concepts of insurance literacy, such as deductibles, exclusions, and limits (Option 3), could have positive effects – although adding to the complexity and triggering potential confusion. It is suggested to include a number of "warnings" or attention points inviting the users to ask more explanations to their intermediaries or insurers should they do not understand certain exclusions or terms in their insurance policy.

DISCUSSION ON POSSIBLE WAYS TO DISCLOSE THE INFORMATION

Questions to stakeholders:

- Q7a: Do you have other suggestions in addition to the ones already proposed? Please explain further.
- Q7b: Do you have other arguments that could support or invalidate any of the options proposed?
- Q7c: In your experience, which option do you consider will bring more benefits for the outcome of the tool?

Q7a	We would welcome a clear recommendation of physical prevention measures dependent on the peril. In case of very high risk exposure, a recommendation can be sought from experts (e.g. via the engineering network organized by the flood competence center in Germany). In that respect,
Q7b	

Q7c	it is recommended that risk management associations be consulted at national level in the development of prevention measures, as they can contribute their practical expertise in climate risk management. Proposed prevention measures for specific perils (e.g. cut trees/ bushes against wildfires; building elevations in flood prone areas; new codes of constructions; etc.) should be first pushed for by Public Authorities so that this is harmonized in a given country, and be clearly separated from the insurance-related information to avoid overwhelming or confusing consumers.

PREVENTION MEASURES ON BUILDINGS

Questions to stakeholders:

- Q8: Are you aware of any open-source database regarding risk prevention measures in the context of natural catastrophes?

Q8	Some EU Member States and individual insurers provide tools including various prevention measures. However, there are barely any certification standards and databases which allow to prove the effectiveness of those measures (contrary to what is available e.g. in US where building standards are applicable and subsidies are available if complied). A European Testing and Certification Standard for preventive measures is recommended, like the central building inventories in some EU Member States. Such database could be built up and be provided to insurers regarding implemented preventive measures. Additional links proposed: • France: ○ https://namr.com/fr/ - building, soil and prevention data ○ https://www.data.gouv.fr/fr/datasets/base-de-donnees-nationale-des-batiments/ ○ https://rnb.beta.gouv.fr/blog ○ https://www.georisques.gouv.fr/ ○ https://www.georisques.gouv.fr/donnees/bases-de-donnees/zonages-inondation-rapportage-2020 ○ https://www.data.gouv.fr/fr/datasets/bd-topo-r/ ○ https://www.cerema.fr/fr/actualites/comprendre-solution-mach-du-cerema-developpement-adaptation - CEREMA (Centre d'études et d'expertise sur les risques, l'environnement, la mobilité et l'aménagement) proposes adaptation measures against subsidence ○ https://www.mrn.asso.fr/ - MRN (Mission des Risques Naturels) in France with prevention measures and a practical guide for implementation of prevention measures

	○ https://www.macartodesrisques.fr/ - Developed by AMRAE (French association of Risk Managers) and Medef to help SMEs in managing their risks by self-identifying, analysing and mapping their risks by answering a questionnaire. ○ • Germany: ○ https://www.klivoportal.de/DE/Home/home_node.html ○ https://www.hkc-online.de/de ○ https://gisimmorisknaturgefahren.de/ ○ https://www.wasserblick.net/servlet/is/1/ ○ https://www.fib-bund.de/Inhalt/Themen/Hochwasser/ • European projects ○ Digiplace https://www.digiplaceproject.eu/ ○ Episcope https://episcope.eu/welcome/ ○ https://climate.copernicus.eu/climate-datasets ○ https://www.ifabfoundation.org/it/e3ci/

- Q9: Would you categorize risk prevention measures, and if so, along which dimensions? Please explain.

Ref.	Comment on input received
Q9	We support to categorize prevention measures, with following suggestions/parameters proposed : • Done per peril/hazard, while avoiding potential conflicting recommendations. • At local and regional level (e.g. dykes). • Based on certification standards, so as to objectivize the effectiveness of the proposed measures (see Q8 – potentially aligned with Energy Performance Certificates). • Return on investment to be taken into account as best as possible e.g. articulate difference between pre-/post-building stage as costs would vary. Similarly, 'reducing risk' implies actions both before and after an event, but they can be quite different (depends upon the kind of hazard, the kind of property, etc....). To be noted that prevention measures should not be presented as a cost, but as an investment protecting property value and fostering business resilience. • Listing measures that are indifferent - or even harmful would also be useful. • To be noted that some recommendations could be contradictory to other recommendations made to mitigate different perils. For instance, attenuation measure could be to have trees providing shadow to cool down the house but the same measure could be discouraged to protect the property against windstorm/hurricane or flood/drought. The user could be puzzled

	by the inconsistency of recommendations if not clear about which peril they apply, and how best to manage/prioritize prevention measures in case of contradictory outcome. The recommendations provided by the tool should therefore prioritize the measures that citizens could easily take to improve their properties' protection against the main NatCat risks they face. In addition to this, as we point out in Q5a, the tool could also suggest users to take community-level measures (e.g., measures that could be collectively adopted by the residents of a neighbourhood).

DISCUSSION ON POSSIBLE WAYS TO DISCLOSE THE INFORMATION

Questions to stakeholders:

- Q10a: Do you have other suggestions in addition to the ones already proposed? Please explain further.
- Q10b: Do you have other arguments that could support or invalidate any of the options proposed?
- Q10c: In your experience, which option do you consider will bring more benefits for the outcome of the tool?

Q10a	When targeting a retail consumer audience, an interactive and user-friendly website is the best way to engage users. Additionally, the use of gamification techniques can help increase user engagement and the time they spend on the tool. Therefore, option 1 (interactive disclosure) is deemed to be the best solution.
Q10b	
Q10c	

Chapter 7. IMPACT OF PREVENTION MEASURES VIEW

Questions:

- Q11a: Do you have other suggestions in addition to the ones already proposed?
- Q11b: Do you have other arguments that could support or invalidate any of the options proposed?
- Q11c: Which option will bring more benefits for the outcome of the tool?

Q11a	In developing the tool, it is crucial to recognize that incorporating precise quantifications of insurance premiums based on prevention measures is not feasible due to the highly granular data required for such calculations. When targeting retail consumers, the tool should aim to provide users with an initial risk analysis that offers general insights without delving into "tailor-made" evaluations, which are more appropriately handled by insurance companies.

	The tool should maintain a high-level approach, ensuring it remains user-friendly and easy to understand for the end users. This strategy avoids the complexities associated with detailed insurance underwriting, which requires specific information that may vary significantly between different cases and insurance providers. By focusing on broad educational messages about the impact of preventive measures on risk and potential insurance benefits, the tool can empower retail homeowners to have informed discussions with their insurers and/or intermediaries about their specific circumstances. This approach allows the tool to serve as an effective preliminary guide, helping users to understand the principles of risk management and prevention without the need to navigate the intricate specifics of insurance premium calculations. This keeps the tool accessible and practical for a wider audience, encouraging proactive risk management behaviors among users without overwhelming them with detailed financial implications that are best assessed by insurance professionals. However, it is also acknowledged that more sophisticated users (such as insurance managers) should have the possibility to access more detailed information about how risk prevention measures can impact insurance premiums, as this is an important information which can contribute to shape their climate risk management strategy.
Q11b	• Although deemed important for consumers, insurance premium reduction is often not the main driver for preventive measures as it is simply too low to make a difference. Additional motivators might be e.g. to avoid the loss of valued goods in the building, to get increased financial coverage (e.g. via reduced deductibles) – should coverage be available - or avoid psychological consequences. • Depending on audience, high level message might or might not be useful for users.
Q11c	Option 1 is preferred option. A combination of option 1 and 2 – with examples - is also deemed relevant.

DISCUSSION ON POSSIBLE WAYS TO DISCLOSURE THE INFORMATION

Questions to stakeholders:

- Q12a: Do you have other suggestions? Please explain further.
- Q12b: Do you have other arguments that could support or invalidate any of the options proposed?
- Q12c: In your experience, which option do you consider will bring more benefits for the outcome of the tool?

Q12a Q12b	• Option 1 is preferred option provided that there are reliable data available about the effectiveness of preventive measures (e.g. based on standardized certifications/testing – see Q8).

Q12c	• Should the NatCat tool be mainly intended to raise citizens' awareness on their current risk-exposure, any reference to the amount of the insurance contract's premiums should be avoided, as it would only mislead the public. This kind of information can only emerge by an ad-hoc assessment, which is done with support of intermediaries and by insurance companies on the basis of data that could substantially diverge from the ones used within the tool.

Chapter 8: RAISING AWARENESS IN THE PURCHASING PROCESS, TAKING ACTIONS AND MEASURING THE IMPACT

Questions to stakeholders:

- Q13a: Do you have other suggestions in addition to the ones already proposed? Please explain further
- Q13b: Which arguments could support or invalidate any of the options proposed?
- Q13c: In your experience, which option do you consider will bring more benefits for the outcome of the tool?

Q13a	Some members have suggested that: • Information should also be provided on elements that would impact negatively the risk score during term of an insurance contract (e.g. no maintenance of preventive measures). • Risk awareness and willingness to take action are relative to each policyholder. Suggestion made to apply "user knowledge scoring" before starting the assessment process (both on the insurance and risk aspects) so as to tailor rest of the exercise. • Importance to emphasize the key role played by intermediaries in assisting and advising users in navigating through complexity of individual cases.
Q13b	• Specific attention to be given to the reliability and consistency of information on risks across a given geographical area. • Data to be provided ideally by an external expert body.
Q13c	Option 1 would provide consumers with the ability to ensure that their demand and needs have been properly assessed, and to critique insurance products by comparing different offers and assessing their value. However, doubt has been expressed about the effectiveness of linking the awareness build-up with IPID. The IPID document aims at protecting the customer ; risk scoring does not provide protection to the customer. About Option 3 :

	• Homebuyers can benefit from understanding natural catastrophe risks before purchasing a property. By integrating risk maps or an hyperlink on the tool, and recommendations directly into real estate portals, this relevant information reaches potential buyers at the most relevant moment—when they are making decisions about a significant investment. • Embedding this information in house-selling platforms ensures that risk awareness and mitigation become integral parts of the purchasing process. This promotes a culture of risk prevention from the outset. • With immediate access to risk information, homebuyers can take proactive steps to mitigate risks, e.g. investing in structural reinforcements or purchasing an insurance. However, It is not easy to capture all of the NatCat risks affecting a property at a given point in time and to give a clear risk score. Mistaken or unduly simplified risk scores could cause major problems. For example, viewing inaccurate risk scores could cause people to make mistaken decisions about whether to buy or sell a property, or about the value of a property. Moreover, if consumers rely on a risk score taken from the tool when purchasing a property, and subsequently learn that the information was incorrect, to their material detriment, they could have grounds for complaints against the tool designer, and possibly even legal recourse.

TAKING ACTIONS

Questions to stakeholders:

- Q14a: Do you have other suggestions in addition to the ones already proposed?
- Q14b: Which arguments could support or invalidate any of the options proposed?
- Q14c: Which option will bring more benefits for the outcome of the tool?

Q14a	In addition to the options already mentioned, the following suggestions are proposed: • Implement an interactive feature that allows homeowners to input specific details about their property and location to receive (where possible) more specific recommendations. This can help users understand their specific vulnerabilities and prioritize actions. • Provide links to local government resources, emergency management agencies, consumer associations and community organizations that offer support and guidance during natural catastrophes. This can help users access timely and relevant information. Similarly and where appropriate, provide links to guidance on preventing and mitigating climate risks and other relevant resources created by national risk management associations. • Include case studies or testimonials from individuals who have effectively mitigated risks through preparedness actions. Real-life examples can motivate users to take similar steps. • Introduce gamified elements, such as badges or points for completing preparedness tasks, to encourage user engagement and make the process more enjoyable. • Offer virtual workshops or webinars on topics related to natural catastrophe preparedness, featuring experts who can provide insights and answer user questions.

Q14b	• Mind EU competition law if/when recommending specific insurance providers or association. • Insurance is only one option and should not be the only recommendation outcome.
Q14c	Option 1 focuses on providing users with straightforward, actionable advice that they can immediately implement. By suggesting that users contact their insurer and intermediaries, or prepare an emergency kit, the tool not only raises awareness but also drives users towards concrete steps that enhance their preparedness and response capabilities. Using also some of proposed additional suggestions would enhance tool effectiveness. Option 3 should not be pursued to avoid the tool becoming an advertising tool.

MEASURE THE IMPACT OF THE TOOL

Questions to stakeholders:

- Q15a: Do you have other suggestions in addition to the ones already proposed?
- Q15b: Which arguments could support or invalidate any of the options proposed?
- Q15c: In your experience, which option do you consider will bring more benefits for the outcome of the tool?

Q15a	Additional suggestions are (KPI-related): • User Feedback and Testimonials: Collect qualitative feedback and testimonials from users about how the tool has impacted their decision-making and preparedness. • Implement behavioural analytics to track user interactions with the tool e.g. which features are most frequently used, where users spend most time. • Impact on Claims Frequency and Severity: Analyze data on insurance claims related to natural catastrophes to see if there is a correlation between tool usage and reduced claim frequency or severity.
Q15b	• We suggest that a proof of concept is undertaken, which explains the end-to-end process of how the tool should be used and details how the tool will yield decision, provide useful information, bring benefits for EU citizens and improve risk mitigation. • As mentioned in the preliminary observations, it is further recommended to run a pilot scheme for the tool, rolling it out initially only to a select target audience of users and a select geography (e.g. where reliable data are easily available in abundance – Italy for instance).
Q15c	A combination of the proposed solutions appears to be the most desirable approach: • The most practical method for obtaining feedback on the tool's impact would be through monitoring the number of users who engage with it (Option 3). The number of individuals who access the tool, navigate the website, and interact with the proposed risk maps will serve as a key initial indicator of the initiative's success.

	• It is essential to design the tool to be as interactive as possible, capturing user feedback across the various sections. While conducting specific surveys (Option 4) can provide a deeper understanding of user opinions, it requires additional effort. • It is crucial to pursue also macroeconomic and overarching objectives. When targeting customers, the primary goal of the tool should be to increase citizens' awareness and close the insurance protection gap. This can be measured by tracking both an actual increase in insurance penetration in the property sector (Option 1) and the number of users who have implemented preventive measures in their homes and commercial properties (Option 2).

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