

Présidence belge du Conseil de l'Union européenne

Sommet Climate Chance Europe 2024 Wallonie

2

Les assurances et le financement de la solidarité dans le cadre d'une « adaptation juste et solidaire »

The insurance and financing of solidarity as part of a "just adaptation based on solidarity"

Adaptation au changement climatique, solutions basées sur la nature et résilience



08 & 09 février 2024 - Liège – Palais des Congrès



Who's who ?



Bernard Soulage

Secrétaire Général de l'Association
Climate Chance, Président du Conseil
Scientifique du GART, ancien vice-
président de la Région Rhône Alpes
aux Transports

Intervenants – *Speakers*



Hein Lannoy

Directeur Général,
Assuralia (Belgique)



Samuel Lietaer

Expert en politique d'adaptation au
climat,

SPF Santé, Sécurité de la chaîne
alimentaire et Environnement - Service
changements climatiques (Belgique)



Thomas Alvarez

Chargé d'études et de relations
publiques pour les enjeux
d'assurance liés au climat,

Agéa (France)



Nicolas Jeanmart

Head of Personal & General Insurance

Co-rapporteur à la Commission
européenne sur le rapport « Climate
Resilience Dialogue »,

Insurance Europe



Issues and challenges

What is at stake for the insurance sector regarding climate change and the adaptation issue ?

Issues and challenges :

Insurance and the financing of cross-border inter-state solidarity as part of a “fair and united adaptation”

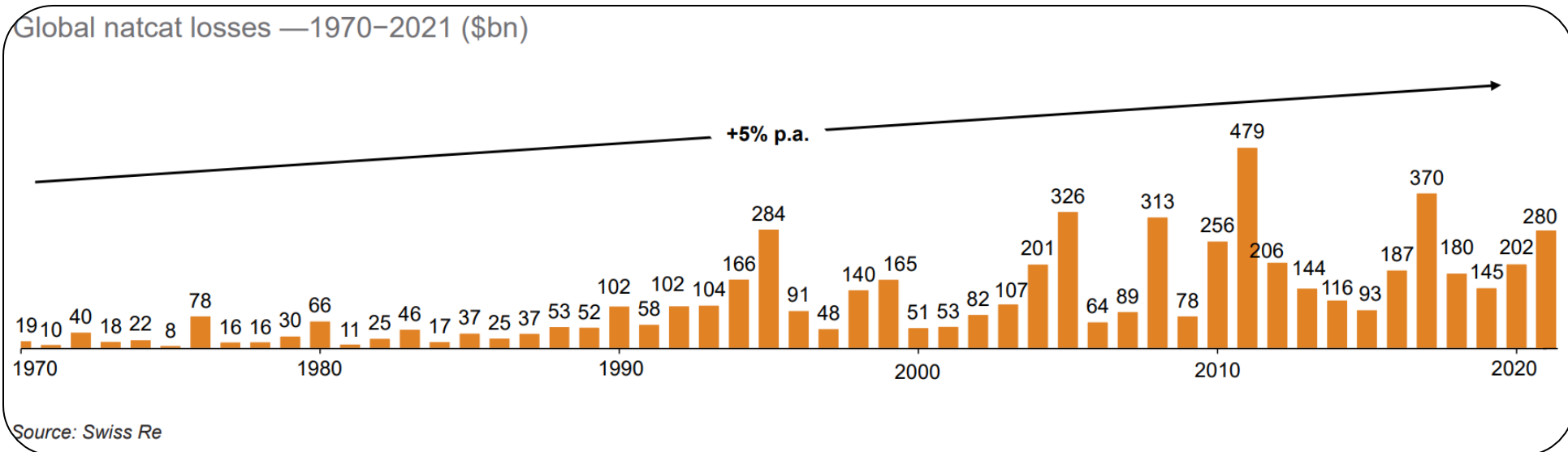
Nicolas JEANMART

- *Head of Personal & General Insurance*
- Co-rapporteur à la Commission européenne sur le rapport « *Climate Resilience Dialogue* »,
- Insurance Europe, fédération européenne des assureurs et réassureurs



Historical perspective on losses

Natcat losses increased at 5% per annum from 1970 to 2021.



Extreme events are increasing - protection gaps widening

2023
400 global natural disaster events



£298bn total economic loss



Only **31%** of the total losses was covered by insurance

Protection gap of **69%** in 2023, growing from 58% in 2022

“Prepare for a ‘Gray Swan’ Climate” – The Atlantic (01/2024)

Thinking about climate change through two interlinked concepts



Non-linearity (factors of multiplication)



“Gray swan” events (predictable and unprecedented)

Climate change adaptation: contribution of insurers

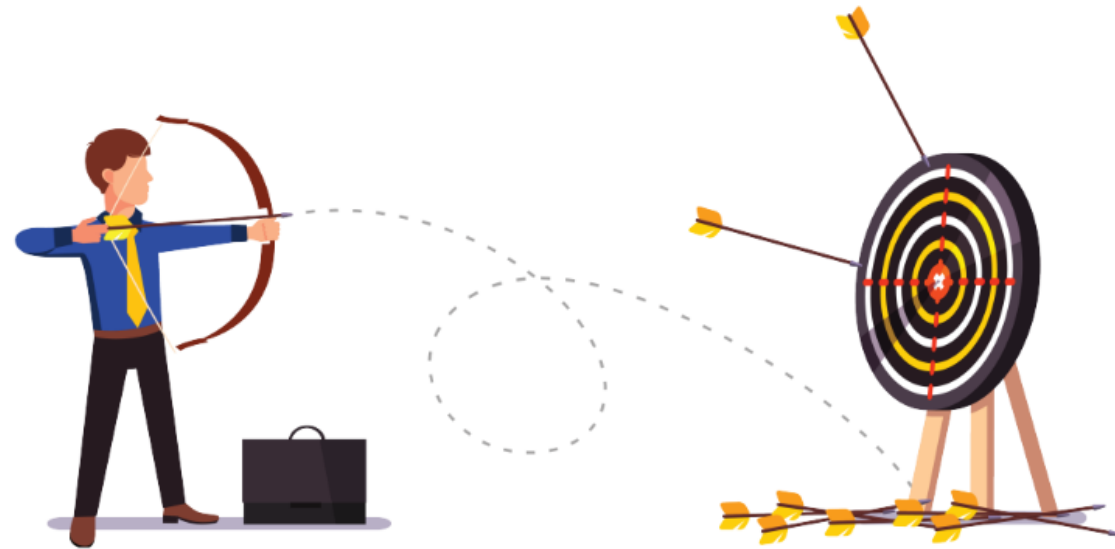
- Covering** risks
- Advising** policyholders ('build back better')
- Raising** awareness of exposure to climate risks
- Partnering** with public authorities (PPPs)
 - Backstop
 - Premium collection
 - Mandatory cover of certain risks by insurers
 - Development of risk maps



Different schemes in different countries

According to differences in roles, risk exposure, history, practices, traditions

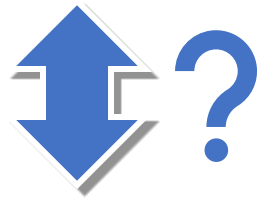
There is no one-size-fits all solution
Each country requires a tailored approach



From risk to certainty?

Insurance is risk-based: probability and severity

Insurability
Affordability



New severity
& 'certainties'



Climate Resilience Dialogue

Background, objective, output & timeline



Background

established by European Commission in H2 2022

announced in 2021 EU Adaptation Strategy and 2021 Strategy for Financing the Transition to a Sustainable Economy



Overarching objective

foster common understanding among key stakeholders on urgency of narrowing climate protection gap and stimulating investments in good adaptation solutions



Output & timeline

Detailed report, including key messages and recommendations

- Mid-term report (July 2023)
- Final report / end of CRD (mid-2024)

Climate protection gap

Action required on three fronts

Reduce GHG emissions and move away from fossil fuel-based economy



Accelerate climate change adaptation



Increase the proportion of people with insurance



Climate Resilience Dialogue

Participants



In one word...

Adapt once

Move to

Adaptability



Issues and challenges :

View of Assuralia

Hein LANNOY

- *Directeur Général,*
- *Assuralia, Fédération des Assureurs Belges*



Flood of 2021 in Belgium

- Intervention limited related to damage of simple risks was legally max EUR 360 million for the whole country

In million EUR	Wallonia	Flanders	Brussels	Total
Simple risks	1,978	33	4	2,015
Vehicles	63	2	1	66
Special risks	310	4	13	328
Total	2,351	39	18	2,410

- Insurance sector made deal with regions in order to cover 100% of damage in partnership with Regions
- Walloon Region will pay 1,030 million €

Lack of future-proof coverage for NATCAT

- Sector is lobbying for a legal partnership with governments
- Outcome today
 - Federal government declares its constitutional inability to intervene financially in any further natural disasters
 - Insurer legal intervention limit x 4 since 1/01/2024
 - Sector asks the regions to open the discussion for a futureproofed framework for NatCAT
- **Important conditions**
 - Premiums need to stay reasonable
 - Sector needs reinsurance capacity

Issues and challenges :

View of Agéa

Thomas Alvarez

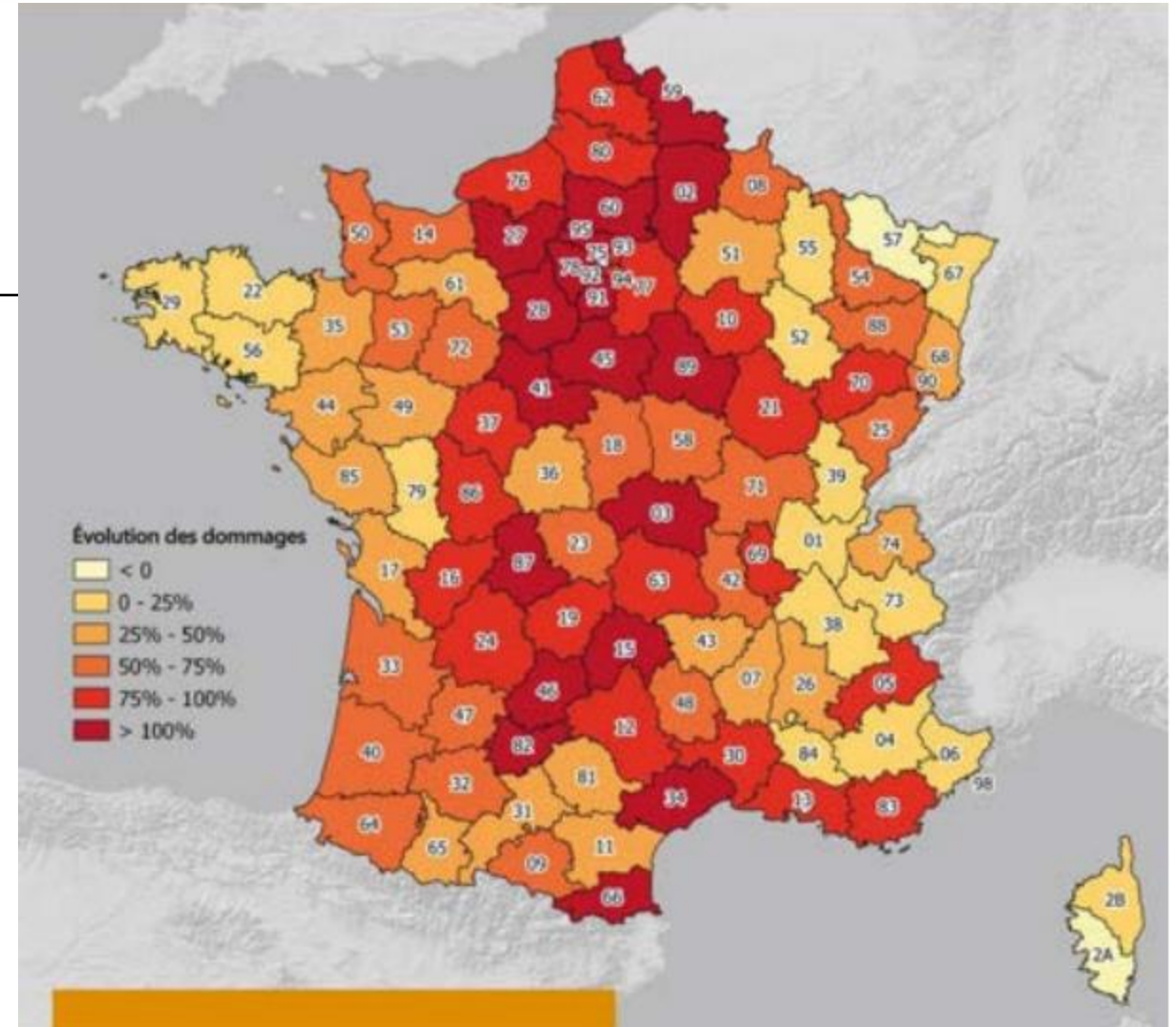
Chargé d'études et de relations publiques pour les enjeux d'assurance liés au climat,

AGEA, fédération française des agents généraux d'assurance



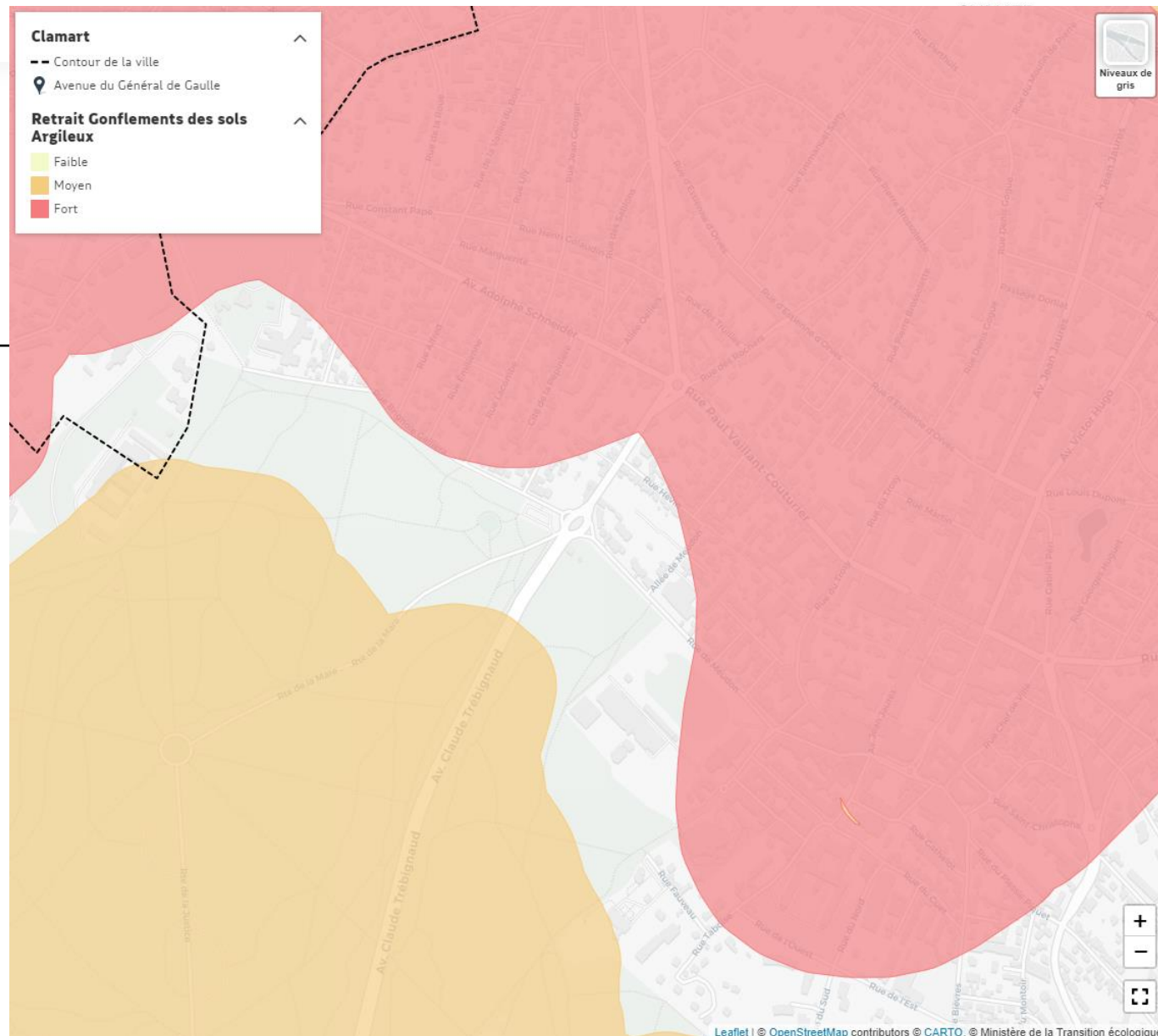
NatCat in France

- Cumulative damage caused by natural disasters is expected to reach 143 billion euros over the 2020-2050 period, compared with 74.1 billion euros over the 1989-2019, an increase of 93 %.
- Main problems :
 - The "NatCat" scheme will no longer generate enough reserves to compensate for droughts in 2040.
 - The agricultural sector is highly exposed to climate change but is poorly insured (only 17 %).
 - 9 % of French forests are insured because forest owners are not aware of the risks.
 - Natural risk prevention is inadequate in France.
 - Erosion is not considered in "NatCat" insurance indemnities.



Lack of insurance

- Economic sectors without insurance (photovoltaics, sustainable construction materials, wood).
- Territories without insurance (coastal areas, flood zones, drought zones).
- Solutions exist :
 - Maintain a nationwide insurance offering.
 - Pooling insurability data for territories between insurers and people.
 - Increase the budget allocated to natural risk prevention.
 - Drawing up risk vulnerability assessments for buildings, to decide between repairing or moving them.



Issues and challenges :

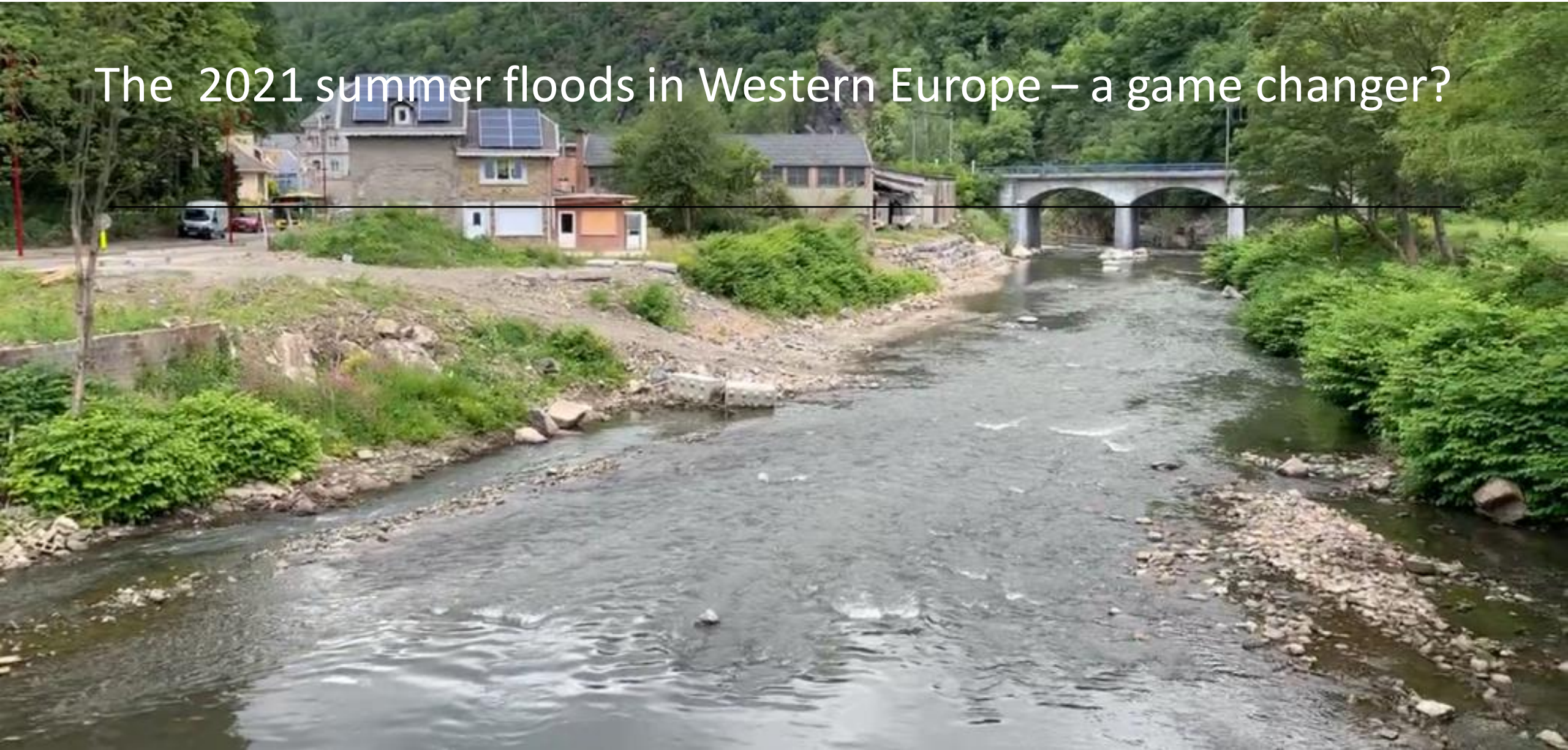
Closing the climate (insurance) protection gap

Samuel LIETAER

Expert en politique d'adaptation au climat,
SPF Santé, Sécurité de la chaîne alimentaire et
Environnement - Service changements climatiques
(Belgique)

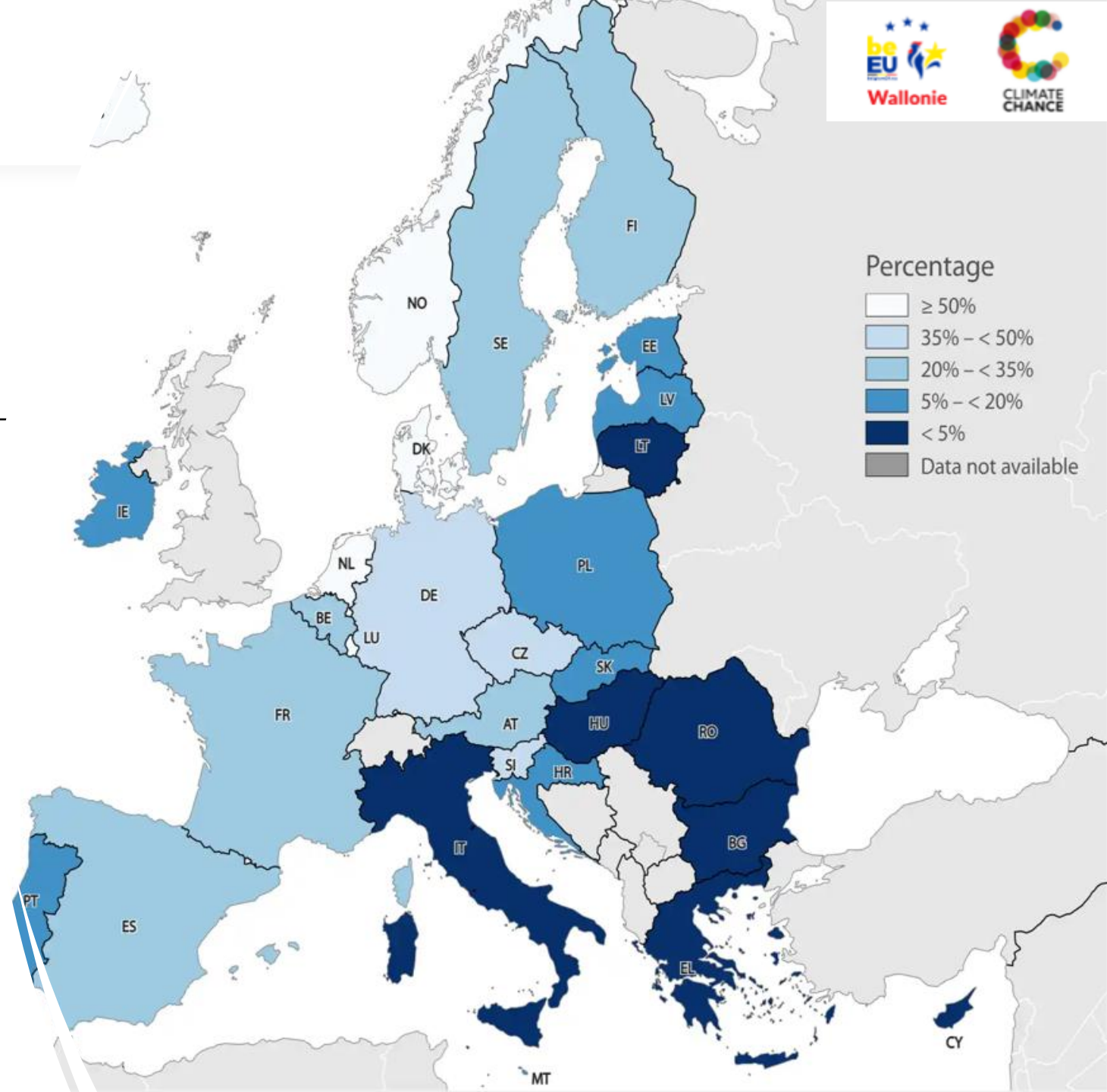


The 2021 summer floods in Western Europe – a game changer?



Closing the Climate (insurance) protection gap

- **Average share of insured economic losses caused by weather-related events in Europe (1980-2021, percentages)**
- The share of insured economic losses related to natural catastrophes in Europe is low and could decline in the medium to long term
- Sources: [EIOPA dashboard on insurance protection gap for natural catastrophes](#), European Environment Agency (EEA) CATDAT.



Finding the pieces of the
jigsaw for a fair protection
level –
Building Back Better
conditions in Solidarity funds
and Calamity funds !

*Issues and challenges:
Closing the climate (insurance)
protection gap*





Discussion

- How can insurance become a powerful lever for transformation: different model, management of risk premiums (like health insurance), vector of change through their backing/knowledge of banks? How does this sector see its role to play?
- What are the societal challenges that this sector can address? What is the limit of risk that this sector "accepts" to assume (especially with the risk of non-assurability)? What do we do with "insurance deserts"?
- How can technologies (AI, new risk management models, new technologies, new materials) be integrated into this model and what roles?

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Conclusions To remember :

The Word of the day

The Sentence of the day

The Recommendation of the day

Words



Conclusions : To remember



Sentences & Recommendations

In Live !

February 8 & 9, 2024 - Liège – Palais des Congrès



Belgian Presidency of the Council of the European Union

Climate Chance Europe 2024 Wallonia Summit

Thank you!

Adaptation to Climate Change, Nature-based Solutions and Resilience

