

Outlook

The discourse about disaster insurance in Europe highlights the key challenges of managing current risks and preparing for future climate risks: at the core lies the issue of collective versus individual responsibility, and solidarity versus market-based approaches.

The ENHANCE analysis shows that flood insurance and DRR need to be closely linked and integrated in the face of rising losses. As our case studies show, there are significant barriers facing public and private stakeholders. This requires policy action—at EU and national, as well as regional level. The key question therefore is how to determine and define the roles of industry and policy-makers, recognising that this is likely to differ from country to country. This is an area where closer collaboration between academia, industry and government is needed to proceed (Surminski et al., 2015a). At European level the facilitation of DRR and adaptation, which will determine risk levels and viability of insurance going forward, can be supported by EU-led policies. However, the design and operation of insurance schemes can also play a role in this. Here national governments have a role to play.

The ENHANCE analysis on the EU Solidarity Fund (Jongman et al., 2014) shows that socio-economic development and climate change can substantially increase pressure on risk transfer or financing mechanisms, unless more risk reducing measures are applied, such as flood defences, stricter building codes and/or land use (zoning) policies. Improved risk assessment and data sharing amongst stakeholders are essential for developing those forward-looking solutions in an integrated way. National, local and household level DRR activities could be used as a mechanism for re-

ducing the pressure placed on risk transfer schemes. In other words, risk reduction efforts are essential in maintaining the insurability of these risks, especially in the context of flooding and other extreme weather events. Effective adaptation may actually become a condition for granting insurance cover in the future (Surminski et al., 2015b). However, the ENHANCE analysis suggests that until today efforts to reform disaster compensation mechanisms in Europe have been predominantly focused on dealing with the financial losses, without considering the implications of these mechanisms for managing and reducing the underlying risks. Reflecting on evidence emerging from other European and international flood insurance schemes, we notice that this is not an exception, but rather the norm (Surminski et al., 2015b).

Our modelling approach and findings are highly relevant for wider discussions on the potential of insurance schemes to incentivise flood risk management and climate adaptation in the EU and beyond. There is a clear current momentum at international level to use insurance to incentivise risk prevention and adaptation, as highlighted by the increased efforts to design new insurance schemes in developing countries through the new G7 ‘insuResilience’ initiative, and underpinned by the UNFCCC’s Paris Agreement (see Surminski et al., 2016). As we have shown across the different ENHANCE case studies, the engagement of multi-sector partners and the clarification of their roles and responsibilities will determine if and how those new schemes can support climate resilience. This is an opportunity, and the lessons from across Europe provide important insights that can help to harness disaster insurance for risk reduction and climate adaptation.

Flood in Budapest, Hungary. Copyright: UNISDR.

