

## Insurance Europe response to the EC call for evidence on European climate resilience and risk management

The European Commission (EC)'s efforts to set up an integrated framework on climate resilience and risk management are crucial and timely. As climate change-related events become more frequent and severe, the EC's initiatives respond to very real and growing challenges that are already affecting people's lives and livelihoods, the way businesses operate, and the stability of European economies and societies. The insurance industry therefore fully supports the direction set out by the EC. The industry also values the opportunity to continue to contribute to the ongoing work.

The insurance industry has long been engaged on the topic and remains in active dialogue with key stakeholders. It sees the impact of climate change play out every day, as the increasing frequency and intensity of weather-related events, alongside broader trends such as inflation, rising construction costs, and the continued development in high-risk areas, are driving up claims costs. These pressures are making it more difficult to keep insurance products affordable, which ultimately affects the protection available to individuals and communities.

Against this backdrop, the industry continues to reflect on how it can further evolve its role, not only in managing and transferring risk, but in actively contributing to long-term climate resilience. Several considerations guide this reflection:

- While adaptation is crucial, **efforts to reduce emissions must remain a priority focus**. Without progress on mitigation, the scale and severity of future risks will outpace adaptation efforts, making some risks increasingly difficult to deal with.
- **Prevention** is critical to limit the impact of weather events. It is also what ultimately keeps risks insurable. The industry sees an opportunity to strengthen collaboration with public authorities in this regard, notably to:
  - drive large-scale awareness campaigns that mobilise communities to act by highlighting the costs of inaction and practical steps to take.
  - develop and disseminate tailored resilience toolkits and training programmes for SMEs and vulnerable households, leveraging public-private partnerships to build capacity at the local level and increase community preparedness.
  - develop tools for citizens and ensure access to up-to-date risk exposure data, such as hazard maps and property value calculation tools, to inform smarter decision-making at every level.
  - mandate transparent risk disclosure to prospective homeowners and tenants, ensuring they can make an informed choice before committing.
  - develop standardised resilience certification schemes for buildings and infrastructure, encouraging adoption of climate-adaptive design and retrofitting measures. Certifications could be linked to financial incentives such as preferential loan conditions and tax relief.
- Building **climate resilience is a shared responsibility**, which means that Member States fully take on their responsibility to adapt and maintain public infrastructures, and support people and businesses to invest in making their properties more resilient to risks such as windstorms and flooding. This can be supported through:
  - education and awareness raising to highlight the importance of prevention measures;
  - financial incentives to companies and households, including grants and tax relief, rewarding resilience to encourage investment in resilience and adaptation measures.

- **Resilience strategies must be tailored.** Enhancing climate resilience is best achieved by addressing local and national priorities while supporting tools tailored to regional conditions. Member States are starting from very different baselines, with diverse exposures, levels of insurance coverage and risk awareness, and market structures. EU-wide tools are, therefore, not necessarily a silver-bullet solution.
- **Improved data access and sharing can enhance risk awareness, inform decision-making, and support effective prevention strategies.** Within this framework, insurers are already participating in data-sharing pilot projects and local schemes. To ensure any future measures as part of the EC's initiatives are impactful and workable in practice, it would be key to first assess the availability, quality, and consistency of relevant data across countries. In this context, any data-sharing frameworks involving insurers should aim to be proportionate, streamlined, and designed to deliver clear added value, while avoiding unnecessary complexity or administrative burden.
- **Public-private collaboration remains essential** to effectively manage nat cat risks across Europe, and EU-level coordination in this regard can facilitate the sharing of best practices, data, and experiences to enhance risk awareness and resilience. From an insurance industry perspective, any EU initiative should complement existing national solutions, respect local risk profiles, and encourage investment in prevention and mitigation.
  - In this regard, the involvement of local authorities, notably municipalities and regions, in any type of collaboration is key. Municipalities and regions are responsible for land-use planning, enforcing construction standards, updating risk zone mapping, and implementing risk prevention plans. Their decisions in terms of where and how to build will strongly influence future risk exposure. Close collaboration between local authorities, national governments, and the insurance sector is therefore indispensable to reducing vulnerability and keeping premiums affordable over the long term.
  - Moreover, ex-ante funding for resilience-building rather than reactive disaster payouts will better safeguard communities, maintain long-term insurability, and reduce moral hazard risks associated with government support. The EC could consider creating an EU-level Climate Resilience Investment Fund to provide grants or low-interest loans specifically aimed at financing resilience upgrades in vulnerable communities and high-risk sectors, particularly where market incentives alone are insufficient.