

## 51 - Business

### **Solvency and affordability in insurance provision**

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*Goal:* To identify and explore promising technical advances, legal and policy reforms for the provision of affordable insurance in a context of raising climate risks and costs

#### *Background*

The steep upward-rising damage trend incurred by natural hazard risk and the prospects of climate change inflate the economic losses and social hardship set-off by extreme climate and weather events. This has alarmed the governments and the insurance enterprises alike. While the probability distributions of extreme weather and climate events are becoming progressively fat-tailed, private insurers may either increase the risk premiums to levels not affordable or retire from high-risk prone areas. Sensibly designed *public-private* partnerships for insurance provision seem to be a promising way of balancing concerns raised by affordability and solvency of insurance schemes, and the social justice. This session will explore existing and proposed schemes and discuss their performance.

#### *Scope and audience*

Talks given in this session should preferably explore innovative solutions to address public policy challenges in insurance provision and disaster risk reduction. Performance reviews are also welcome. The session is intended to stimulate debate between policy makers, practitioners and researchers. The latter include consortium members of the EU-FP7 ENHANCE project (see below). One of the outcomes of the session will be a position paper planned to inform the ongoing debate on insurance provision in the European Union.

#### *The ENHANCE Project*

The FP7 ENHANCE (*Enhancing risk management partnerships for catastrophic natural hazards in Europe*) project ([www.enhanceproject.eu](http://www.enhanceproject.eu)) sets to explore provision of natural hazard insurance in several EU Member States, including Italy, UK, Portugal, the Netherlands and Spain.

#### *Expected results*

1. Discuss challenges in the design of affordable and viable insurance against natural hazards under changing climate.
2. Assess the role of partnerships and insurance in providing incentives to disaster risk reduction and enhanced solvency.
3. Assess the role of partnerships in providing affordable insurance against natural hazards.
4. Develop synthetic and rigorous policy recommendations, based on scientific evidence, to support the EU policy agenda in this area.