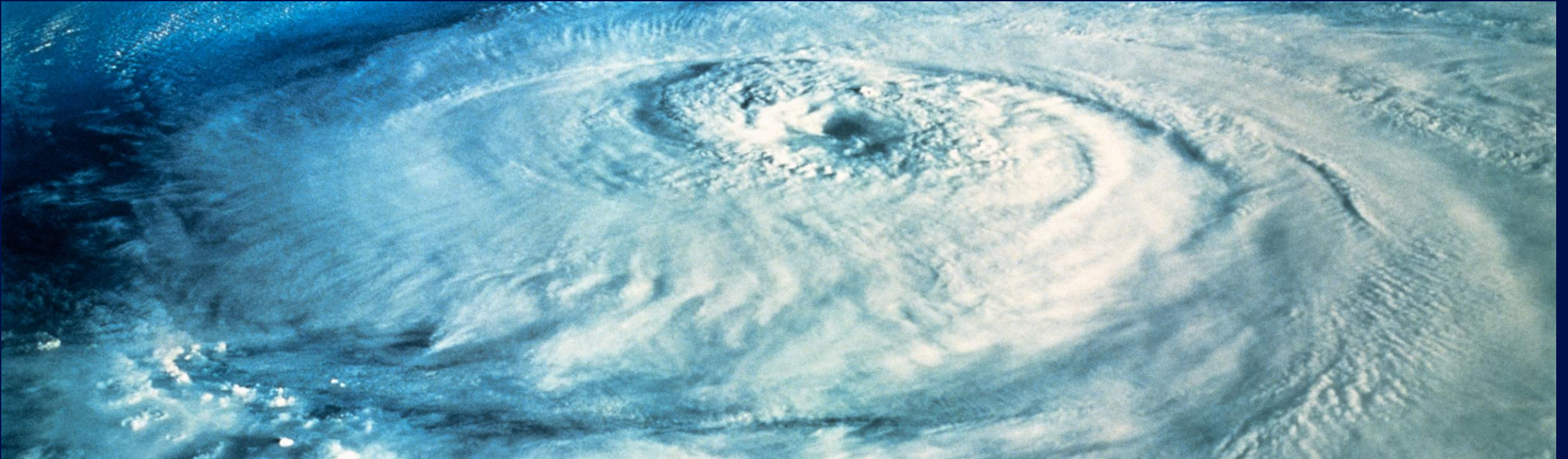


EESC Public Hearing
“Towards a European system of natural disaster risk management”

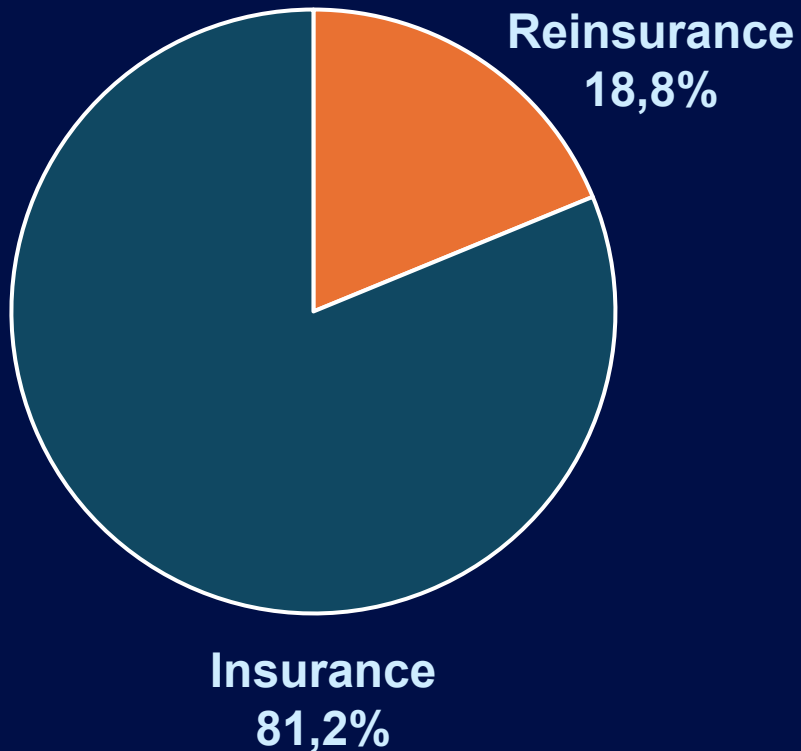
Public Private Partnerships with the Insurance/Reinsurance industry

Enrique Flores-Schaefer



Reinsurance – Why is it relevant?

**Insurance premium in Europe
€ 1,2 Trillion**



Source: EIOPA report “The role of reinsurance in promoting healthy markets”

The role of reinsurance is to:

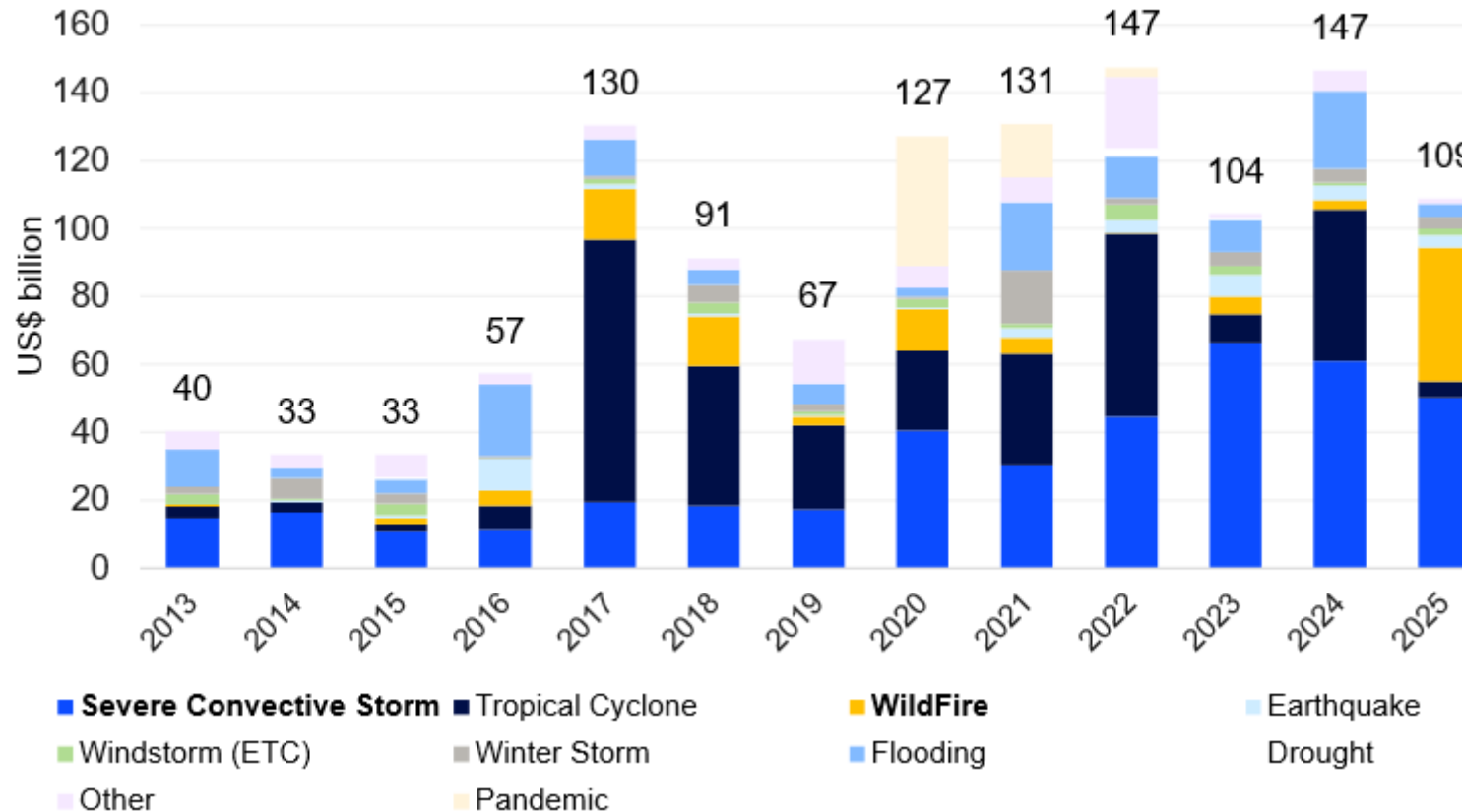
- Absorb extreme losses
- Stabilise results and solvency of insurers
- Diversify risk globally – a key role is the diversification of Natural Catastrophe risk
- Provide advanced modelling and understanding of risks

MARSH RE

- Marsh Re is a reinsurance broker
- Part of the Marsh group, the global leader in the sector
- 130+ countries / 95k+ colleagues

Global insured natural catastrophes

Large losses exceeded \$109B in 2025



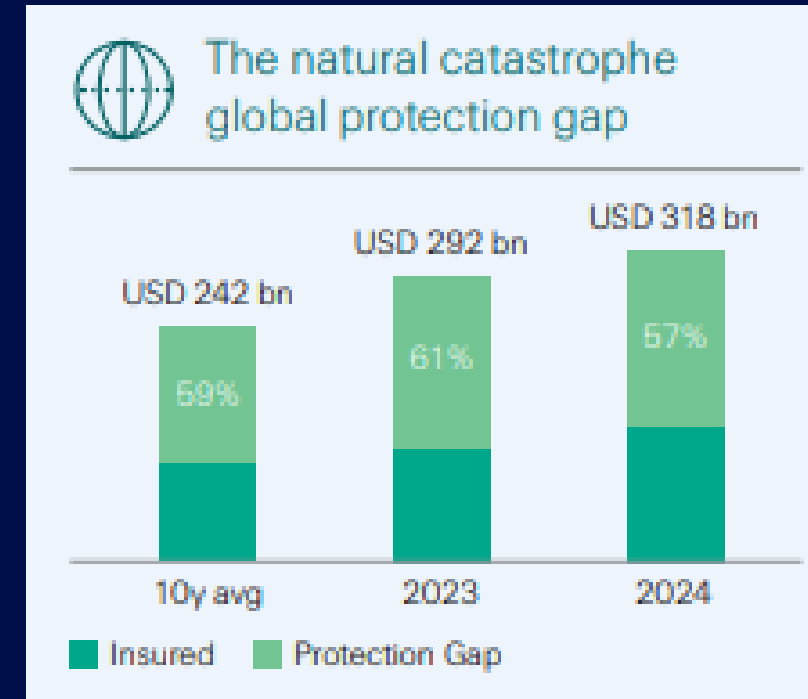
*Significant Insured Losses (Insured Loss estimates >\$100M), includes NFIP estimate. Figures are not adjusted for inflation.
Source: PCS, PERILS, ICA, Marsh Re, Floodsmart.org, and other news sources. Russia-Ukraine conflict losses estimated by S&P Global. Data updated as of August 17, 2026.

- The total insured industry losses for 2025 **exceed \$109B**, which is becoming a new normal in natural catastrophes
- 2025 California wildfire losses are the highest on record
- The upward trend in natural catastrophes can be explained by:
 1. Increased urbanization
 2. General Inflation (CPI)
 3. Additional inflation of repair costs
 4. Other factors such as changes in risk vulnerability
 5. Climate change

What is the insurance protection gap?



- Systemic and catastrophic risks are **growing**
- As risks grow, **the capacity of the private insurance market to effectively respond will increasingly diminish**
- This leaves **societies exposed** (Availability and affordability of insurance)
- **Public-Private partnerships** are a tool to address such societal-level problems and mitigate the impact on **public budgets**, facilitating the availability and affordability of insurance



The protection gap is increasing

Source: Swiss Re Institute - sigma 1/2025 - Natural catastrophes : insured losses on trend to USD 145 billion in 2025

Public Private Partnerships (PPP) Work!

How can the Insurance/Reinsurance industry contribute to reduce the protection gap?



Ex-ante risk financing

Cheaper than ex-post financing

Faster response time (especially parametric solutions)



Accelerates the understanding of risks and their evolution

Access to mathematical modelling

Including the effects of climate change



Strengthens climate adaptation

Quantitative analysis of the impact of risk prevention investments

Decision-making tool for investment



Reduces the protection gap

Protection for all citizens

Commercial assets

State assets

Infrastructures

The public and the private sector can work together to finance the protection gap

Best practices & market solutions

Public Sector



- Defining the **legal framework** for the insurance of natural perils
 - Defining the role of the insurance sector
 - Ensuring broad availability of insurance



- Sponsoring the creation of **natural catastrophe pools** when insurance availability is a concern



- Promoting/Financing **risk prevention**
 - Including climate adaptation and resilience



- Promoting risk awareness on the **risk financing of public infrastructure**
 - Roads, bridges, ...

Insurance/Reinsurance market



- Advanced **modelling** solutions
 - Quantification of impacts
 - including climate change scenarios



- Partnering to set up **natural catastrophe pools**
 - Including reinsurance support



- **Parametric** insurance/reinsurance
 - Fastest response time to natural catastrophes

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