TOWARD BETTER PREVENTION OF AND PROTECTION AGAINST NATURAL HAZARDS
November 2015, the French Insurance Federation (Fédération Française de l’Assurance - FFA) published a study titled *Climate Change and Insurance to 2040* (Changement climatique et assurance à l’horizon 2040). It projects the rising cost of natural hazards in France over the next 25 years. The additional cost of property damage caused by the climate between now and 2040 is estimated at 44 billion Euros, a 90% increase compared to the total amount of damage over the last 25 years.

Several factors contribute to this costs increase. First, France’s wealth is growing overall, resulting in a greater density of homes and businesses as well as local and regional authority infrastructures. It follows logically that climate events have greater consequences. This “rising wealth” factor accounts for 43% of the estimated increase, i.e. 19 billion Euros.

The second most significant factor explaining rising costs is the climate change projected between now and 2040, in particular the effects of a rise in temperatures. Its impact is estimated at 13 billion Euros.

The estimated impact of the geographical distribution of wealth in metropolitan France is 8 billion Euros, while that of natural climate variation, excluding any climate change effect, is estimated at 4 billion Euros.

The study also shows that the hierarchy of perils will change. Those predicted to change the most in terms of frequency and intensity are shrinkage-expansion of subsoils associated with drought, and coastal flooding.

Insurers, being the major players in the fight against climate disruption, have a long experience of working to prevent, and protect against, natural hazards. The findings of the FFA study have led insurers to review all their knowledge and experience in order to anticipate and manage climate risk as best possible.

The French Insurance Federation is publishing the findings of that review in the attached Strategic Review Document *Towards Better Prevention of and Protection against Natural Hazards*. Starting from the experiences of the last 25 years and the prospects for the next 25, this Strategic Review Document contains concrete proposals for the two pillars of climate risk management: prevention and insurance.

Although public authorities have been mobilised to make the means of prevention of natural hazards more coherent and effective, on the ground, insurers have observed how implementation of such prevention policies can fall short. This Strategic Review Document identifies areas in which such failures can be classified as major and provides 23 proposals for improvements aimed at strengthening public prevention and protection policies.

Effective prevention policies also require modernisation of the natural disaster insurance regime. Experiences of natural disasters in recent years have led the industry to include in this Strategic Review Document 11 proposals that aim to safeguard the principle of solidarity while introducing an incentive for prevention and development of a culture of risk awareness.

In the immediate aftermath of France’s hosting of the International Conference on Climate Change, this Strategic Review Document represents an important contribution by French insurers to our country’s climate change adaptation policy.

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1 FFA Study- November 2015 available at ffa-assurance.fr.
2 In constant Euros.
SUMMARY OF PROPOSALS

1. To carry out detailed six-monthly monitoring, département by département, of the state of progress of prevention plans that have been prescribed but not yet approved. To entrust this task to the major risk committees (conseils des risques majeurs) of the départements, which will make their findings public.

2. To build a reference model for rating the relevance and effectiveness of Natural Risk Prevention Plans (NRPPs) (Plans de Prévention des Risques Naturels) and apply it across the whole country so as to enable national monitoring using indicators that will subsequently be published.

3. To make it compulsory for any municipality that has an “older generation” prevention plan to update it within a period of 36 months.

4. To draw up a list of municipalities that have a Natural Risk Prevention Plan (NRPP) that is not attached to its Local Development Plan (LDP) (Plan Local d’Urbanisme).

5. To make the financing of a Flood Prevention Action Programme (FPAP) (Programme d’Actions de Prévention des Inondations) conditional upon the relevant municipalities including the Flood Risk Prevention Plans (FRPPs) (Plans de Prévention des Risques Inondations) in their Local Development Plans (LDPs).

6. To build and implement a single data repository, common to all NRPPs, providing in particular for them to be made available in digital form.

7. To speed up the process of prescribing, approving and implementing the Coastal Risk Prevention Plans (CRPPs) (Plans de Prévention des Risques Littoraux) for officially prioritized municipalities where a plan has not yet been prescribed or, if prescribed, has still to be approved.

8. In the absence of such plans, to apply the precautionary principle by imposing a systematic refusal to grant building permits for projects that are of such a nature as to adversely affect public safety because they are located in areas presumed to be at significant risk.

9. To identify campsites that are exposed to risks of flooding and require them to prepare, within a reasonable period of time, response plans to be implemented in the event of river or coastal flooding warnings.

10. To require municipalities at risk of rapid flooding to put in place public warning systems based on modern communication methods (text messaging, email and social networks).

11. To prohibit municipalities that do not have a Municipal Response Plan (MRP) (Plan Communal de Sauvegarde) from accessing the resources of the Major National Risk Prevention Fund (MNRPF) (Fonds de Prévention des Risques Naturels Majeurs).

12. To improve the eligibility and prioritisation criteria for financing Flood Prevention Action Plans (FPAP) (Plans d’Actions de Prévention Inondation).

13. To share the experiences of the certified FPAPs.

14. To recognise a regulatory mapping of clay areas over the whole country based primarily on the advanced work of the Mining and Geological Research Office (Bureau de Recherche Géologique et Mi nière).

15. To make it compulsory for soil analyses to be carried out for all building projects or sales of land that has been or is authorised to be built on, located in areas that have been identified as being at risk, and for the analysis to be attached to the notarised land deed.

16. To make it compulsory, within the framework of the LDPs, to produce a geological analysis of new land for urban development.

17. To require proof to be provided, in applications for building permits, that a geotechnical study has been carried out in accordance with the geological analysis and taken into account in determining the dimensions of the foundations and structures.

18. To reformulate the ad hoc Unified Technical Documents (in particular UTD 13.12) to include best practice in order to adapt the foundations of individual houses to subsoils analysed as risky, with reference in particular to the three recommendation guides of the 2nd Plan for Analysis of Shrinkage-Expansion and its Impacts on Buildings (2e plan d’Analyse du Retrait-Gonflement et de ses Incidences sur les Constructions – ARGIC 2).
20. To reform the Major Natural Risk Prevention Fund (MNRPF) in terms of its governance, its tasks, its oversight and control of its expenditure.

21. To establish a closer relationship between the Major Natural Risks Prevention Fund (MNRPF) and the public authority bodies responsible for deciding and prioritising preventative actions, such as the Joint Flood Committee (Commission Mixte Inondation).

22. To put in place tools for the general public (website, smartphone app) in order to disseminate scientific knowledge about exposure to and prevention of natural risks, to entrust this task to the National Observatory for Natural Risks (ONRN – Observatoire National des Risques Naturels).

23. To introduce a national natural risk prevention day having the following aims: to provide information to people situated in risk areas and to educate them in the correct actions to take if an extreme climate event occurs.

24. To introduce in the natural disaster insurance regime the freedom for the insurer to set the level of the excess for this cover for insurance contracts covering capital amounts in excess of 50 million Euros and those covering regional and local authorities whatever the amount.

25. To transfer compensation for losses resulting from drought to the ten-year new building liability insurance regime for all new buildings that satisfy the requirement for soil surveys.

26. To accompany this transfer with preventative measures linked to the obligation to carry out soil surveys and with a limitation on application of the natural disaster insurance regime after 10 years, which will be restricted to damage affecting the soundness of the building’s structure.

27. To make it compulsory for the insured party to use the compensation paid by the new building insurer to repair the building or the land on which it is located if the building is to be rebuilt on the same site.

28. To simplify the statutory mechanism for varying the excess by limiting the consequences of such variation for insured parties and requiring a Risk Prevention Plan to have been approved (and no longer simply prescribed) and Municipal Response Plans put in place in order to avoid application of the variation.

29. To establish an objective basis in law for the scope of application of natural disaster cover by listing the perils covered and describing the criteria governing the levels of seriousness.

30. To include in the natural disaster insurance regime compensation for the costs of alternative accommodation for victims of natural disasters whose main residence has been damaged.

31. To extend the deadline for notifying claims following a natural disaster from 10 to 30 days.

32. To make it compulsory for Natural Risk Prevention Plans to include a section dedicated to the prevention of business risks and to monitor its implementation.

33. To promote the role of the ONRN in disseminating a culture of awareness of the risks associated with natural events.

34. To give the “natural disasters” section of the Central Pricing Office (Bureau Central de Tarification) complete freedom to set the conditions of insurance (price, excess, protective and preventative measures).
1

NATURAL RISK PREVENTION
ANALYSIS OF THE NATURAL HAZARD PREVENTION POLICIES REQUIRES AN INITIAL RECAP OF FRANCE’S GEO-CLIMATIC SITUATION.

- Compared to our European neighbours, our land is highly exposed to natural hazards. A survey by the International Disaster Data Base at the Catholic University of Leuven of natural events classified as “very serious” having occurred since 1990 ranks France second among the most exposed European countries, with Germany in first place and Italy third (see the illustration below).

- France is particularly vulnerable to the perils of storms, flooding caused by water courses overflowing or by runoff and foods caused by mountain torrents. This is due to the length of its coastline and the number and flow-rates of its rivers and water courses, and also to the specific phenomenon known as Cevennes storms to which a large part of the South-East of the country is exposed.

- France also has a high exposure to the risk of coastal flooding. 40% of metropolitan France’s 7,000 km of coastline is considered to be highly vulnerable because of the topography (“mobile” coastline). This means in effect nearly 2,800 km of coastline with high and ever-increasing levels of economic assets, both on the Mediterranean shores and the the coastline from Biarritz to Dunkirk.

*Events that caused more than 10 deaths or damage of more than 100 billion USD.
These geo-climatic characteristics of France, which must now be viewed within the perspective of climate change, mean that prevention policies are at the heart of the key challenges for the future of our country.

Above all, we must keep in mind the human tragedies caused by many natural events in our country. Everybody remembers the terrible consequences of the “Lothar and Martin” storms of 1999 (128 deaths), the drought of 2003 (13,000 deaths) and the victims of the “Xynthia” coastal flooding in 2008 (53 deaths). And very recently, in October 2015, 20 people died following extremely heavy rain in the Alpes Maritimes.

With regard to property damage, on average each year insurers and reinsurers that operate

- 60% of metropolitan France has soil composed of clay, with 20% being particularly exposed to the phenomenon of shrinkage-expansion of subsoils associated with drought. Drought causes damage to buildings that can even lead to their collapse. The Centre, Poitou-Charentes and Auvergne regions are the most affected, accounting for half the areas most at risk from shrinkage-expansion of clay soils.

- Finally, our major rivers, the Seine, the Rhône, the Loire and the Garonne in particular, have extremely high levels of housing and other assets and activities exposed to risk all along their banks. The same is true of the Mediterranean shore of the départements of Var and Alpes Maritimes.

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
<th>Amount (in M€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>Drought</td>
<td>355</td>
</tr>
<tr>
<td>1992</td>
<td>Vaison-la-Romaine</td>
<td>240</td>
</tr>
<tr>
<td>1999</td>
<td>Lothar &amp; Martin</td>
<td>6,860</td>
</tr>
<tr>
<td>2002</td>
<td>Gard</td>
<td>700</td>
</tr>
<tr>
<td>2003</td>
<td>Drought</td>
<td>1,420</td>
</tr>
<tr>
<td>2009</td>
<td>Klaus &amp; Quinten</td>
<td>1,880</td>
</tr>
<tr>
<td>2010</td>
<td>Var &amp; Xynthia</td>
<td>1,360</td>
</tr>
<tr>
<td>2014</td>
<td>Hail</td>
<td>850</td>
</tr>
</tbody>
</table>

* Direct damage to property including operating losses and excluding bodily injury and damage caused to crops that have not been harvested and placed in store. Scope: Damage to the property of private individuals, businesses, professionals and farms, excluding indirect damage and excluding weather damage to crops.
in France pay out a total of 1.9 billion Euros to 431,000 victims of natural hazards\(^1\). This average masks large variations from one year to another. 1999 was a record year with almost 8 billion Euros paid out, while 1991 saw only 410 million Euros of insured damage. In 2014, insurers had to make payouts to more than 650,000 insured parties who were victims of climate events.

Over the same period the average amount paid out for each claim was 4,310 Euros. The breakdown of the average cost of claims by type of peril and category of insured party (private individual or business/professional) is as follows:

<table>
<thead>
<tr>
<th>AVERAGE AMOUNT PAID PER CLAIM (1988-2013)</th>
<th>Private individuals</th>
<th>Business/ professional</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLOOD</td>
<td>7,220 €</td>
<td>26,700 €</td>
<td>11,400 €</td>
</tr>
<tr>
<td>STORM</td>
<td>1,810 €</td>
<td>6,070 €</td>
<td>2,600 €</td>
</tr>
<tr>
<td>DROUGHT</td>
<td>12,700 €</td>
<td>NS(^3)</td>
<td>12,700 €</td>
</tr>
<tr>
<td>Average all perils</td>
<td>3,200€</td>
<td>9,070€</td>
<td>4,310€</td>
</tr>
</tbody>
</table>

\(^1\) These two départements are, moreover, located in an earthquake and tsunami hazard zone, identified as being the most at risk in metropolitan France.

\(^2\) Average from 1989 to 2014 excluding damage to crops that have not been harvested and placed in store.

\(^3\) Until now drought claims (shrinkage-expansion of clay) have only concerned private individuals.
PREVENTION OF NATURAL HAZARDS IS ABOVE ALL A PUBLIC MATTER. WHILE IT REQUIRES EACH OF US TO TAKE RESPONSIBILITY, IT MUST BE ORCHESTRATED COLLECTIVELY.

Although individually we can protect ourselves effectively against certain perils (fire, theft, road accidents), prevention against natural hazards will only be effective if it is collective. It involves spatial planning, urban development plans, the issuing of building permits and the construction of infrastructure, all activities that lie within the public realm.

Through both transposition of European directives and the passing of national laws, France has provided itself with an array of tools for the prevention of natural hazards, facilitating action at the level of municipalities, catchment areas or nationally.

These tools make it possible to have better knowledge of the hazards, to act more effectively in order to provide better protection against those hazards and to finance preventative and protective actions.

In 1982, the Compensation for Victims of Natural Disasters Act (loi relative à l’indemnisation des victimes de catastrophes naturelles) (Act of 13/07/1982) introduced risk exposure plans (REPs) (plan d’exposition aux risques). In 1995, they were replaced by foreseeable natural risk prevention plans (Act of 02/02/1995, known as the Barnier Act).

An NRPP is a regulatory prevention instrument that informs populations and planners of risk areas and sets out the measures to reduce vulnerability.

It is prepared by State officials. After the prefect has issued an order prescribing an NRPP, it may take between 12 and 18 months to draw up the plan. The approval process, which involves a public utility enquiry and consultation of local elected officials, can take as long again. Finally, the prefect sends an order approving the plan to the mayors of the municipalities involved.

In June 2015, 11,348 municipalities were covered by an NRPP and 3,060 were in the process of drawing one up, according to the Environment Ministry’s figures.

It should be noted that an NRPP is useful only if it is attached to the various spatial planning
documents and in particular the Local Development Plan (LDP). The mayor has sole responsibility for attaching the NRPP to the LDP. If the mayor refuses to do so, it is only after a certain number of formal notices and lengthy legal procedures that the Prefect can finally attach the NRPP to the LDP.

**THE MUNICIPAL RESPONSE PLAN (MRP)**
**(PLAN COMMUNAL DE SAUVEGARDE)**

The Civil Protection Modernisation Act (loi de modernisation de la sécurité civile) of August 2004 made MRPs compulsory for municipalities that have an NRPP and the implementing decree of 13 September 2005 set out the methods of implementation. The purpose of this mechanism is to organise the intervention of the municipality in support of the emergency services by preparing the mobilisation of its human and technical resources to ensure that the population is informed, warned, evacuated, assisted and supported if a major risk event occurs. The mayor must organise regular exercises to assess the operational status of the municipality’s MRP.

MRPs are particularly useful in terms of disseminating a culture of prevention among populations exposed to a major risk. Indeed, the MRP includes the preventative information process that is carried out through the preparation of a Municipal Major Risk Information Document (MMRID) (Document d’Information Communal sur les Risques Majeurs). A recent report issued by the Environment Ministry states that “6,069 MRPs out of 11,348 have been produced, i.e. 53.5%.../...The quality of the MRPs and their monitoring over time have not yet been assessed.”

**FLOOD PREVENTION ACTION PROGRAMMES (FPAPs)**
**(PROGRAMMES D’ACTIONS DE PRÉVENTION DES INONDATIONS)**

FPAPs were introduced by a circular of 1 October 2002 in order to build, through a partnership between the State and regional and local authorities, an integrated flood risk management policy at the scale of risk basins, by mobilising all the flood prevention levers. In 2011, specifications for FPAPs known as second generation FPAPs were published, including in particular the peril of “coastal flooding”, and making it compulsory to carry out a “cost/benefit” analysis for each programme. An FPAP, whether it is still simply at the stage of the intention to draw up a programme or is in the process of being finalised, must be “certified” in order for its financing to be supported by the Major Natural Risks Prevention Fund (or Barnier Fund). This certification is awarded by the Joint Flood Committee (Commission Mixte Inondations), a body representing stakeholders of which insurers are members. Since 2002, FPAPs have been put in place covering more than 40% of the municipalities of metropolitan France and over €2 billion have been committed to finance them.

**NATIONAL CLIMATE RISK MANAGEMENT STRATEGIES AND PLANS**

In addition to the abovementioned tools, there are national documents that establish the general framework of the natural hazard prevention policy.

- **River plans (plans fleuves).** At the scale of major river basins, river plans propose planning solutions for water courses and assistance to finance them. The purpose is to ensure that actions relating to the natural heritage, economic development, landscapes and flood prevention are joined up and coherent.

- **The inter-ministerial rapid flooding plan (RFP) (plan interministériel submersions rapides).** The events that occurred during the passage of the storm Xynthia in 2010, and the events in Var the same year, highlighted the need to take action to prevent certain types of hazard: coastal flooding, flooding caused by runoff and and flash floods, and breaches of river and sea walls. This is the subject-matter of the inter-ministerial rapid flooding plan (RFP)
adopted in early 2011, the aim of which is to encourage the different regions to construct prevention projects to ensure, as a priority, the safety of people, through pragmatic actions that are coherent with existing mechanisms (NRPP, FPAP, etc.).

- The national flood risk management strategy (NFRMS) (stratégie nationale de gestion des risques d’inondation). Introduced by the act transposing the Floods Directive into French law, the national flood risk management strategy aims to ensure that actions carried out across the country are coherent. It was issued by the Ecology, Interior, Agriculture and Housing ministries on 7 October 2014. It sets out three major objectives:
  • increased safety for populations (to stabilise, or even reduce over time, the cost of damage, to significantly shorten the period within which affected areas return to normal);
  • guiding principles (solidarity, subsidiarity and synergy between public policies, prioritisation and continuous improvement);
  • challenges (to develop and improve governance and project management, to ensure spatial planning is sustainable, to increase our knowledge in order to act more effectively, to learn to live with nature).

- The national coastline management strategy (stratégie nationale de gestion du trait de côte). Prompted by the Grenelle de la Mer (Coastal and Oceans Initiative) in 2009, and in view of the fact that almost a quarter of the coastline is retreating because of coastal erosion, France adopted a national coastline management strategy in December 2014. Under this strategy, predicted changes in the coastline will be taken into account to ensure appropriate development and spatial planning choices are made.

THE ADDED CONTRIBUTION FROM THE FLOODS DIRECTIVE

European directive 2007/60/EC, known as the “Floods Directive”, of 23 October 2007, transposed into French law on 12 July 2010, significantly amended and accelerated the introduction of tools to increase knowledge of flood risk in France.

The directive proposed to Member States an approach organised in three stages, to be updated in a six year cycle:

- The first stage is a global approach called Preliminary Flood Risk Assessment (PFRA), the aim of which is “to identify areas for which public actions will be prioritised in order to reduce the adverse consequences of floods”: the Significant Flood Risk Areas (FRAs).

- The second stage is to produce, for these FRAs identified by the PFRA, maps of flood-prone areas and of the housing and economic, environmental and heritage assets and activities at risk in order to improve knowledge of these highly exposed areas.

- The third stage is to design an appropriate management strategy and governance at the level of each river basin district through a Flood Risk Management Plan (FRMP) (Plan de Gestion des Risques d’Inondation), in order to reduce the risk by prevention, forecasting, protection and public participation.

In 2012, France carried out the Preliminary Flood Risk Assessment (PFRA), identifying 122 Significant Flood Risk Areas (FRAs) covering more than 60% of the population. The maps of these areas are in the process of being delivered by the Ministry of Ecology, Sustainable Development and Energy. As regards the FRMPs, consultation is currently taking place between the stakeholders.

TOOLS FOR FINANCING PREVENTION POLICIES

The Major Natural Risk Prevention Fund (MNRF) (more usually known as the “Barnier” Fund) is the pivotal instrument for financing natural hazard prevention policies. This fund was set up by the Act on the Strengthening of Environmental Protection (loi relative au renforcement de la protection de l’environnement) of 2 February 1995 (Act no. 95-101).
The provisions concerning the Fund appear in article L. 561-3 of the Environment Code. The MNRPF was initially tasked with financing, up to the limit of its resources, compensation for compulsory purchases and the expenses associated with limiting access to and where appropriate demolishing property that is particularly exposed to natural hazards. The scope of application of the MNRPF has gradually increased. Since its creation, 12 acts have expanded its tasks as needs have been identified. As a result, the Barnier Fund has become the leading tool for financing the national natural risk prevention policy. Its tasks can currently be grouped into 4 types of intervention:

1. **Relocation measures:** purchases by amicable agreement, compulsory purchases, clearance of unfit housing in the overseas départements and territories. A particularly high level of calls were made on the Fund when homes were bought up by the government after the storm Xynthia.

2. **Temporary evacuation and alternative accommodation expenses in the case of a confirmed risk.** For example: imminent risks of a landslide.

3. **Measures to reduce vulnerability to risks,** in particular:
   - Surveying and work to fill and treat subterranean cavities and marl pits.
   - Design and engineering work to reduce vulnerability required by an NRPP.
   - Design and engineering work and equipment for prevention or protection for which a regional or local authority is the contracting authority (this task alone accounts for 30% of the use of the fund since it was set up).
   - Design and engineering work on earthquake protection measures in the most exposed areas.
   - Design and engineering work to bring State-owned sea and river walls designed to protect against river and coastal flooding up to standard.

4. **Research and regulatory acts of the State,** in particular:
   - Preparation of the Foreseeable Natural Risk Prevention Plans.
   - Prevention information.
   - Campaigns to raise awareness about natural disaster insurance cover.
   - Preparation of hazard maps pursuant to the Floods Directive.

The Fund is almost exclusively financed by a contribution from the proceeds of the additional premiums relating to the natural disaster cover under insurance contracts. This contribution consists of a percentage of the additional natural disaster premiums. This percentage was originally 2.5%, changing to 2% in 1999 and then increasing to 4% in 2006, 8% in 2008 and finally 12% in 2009. In the 2014 financial year, the proceeds of this contribution amounted to 194 million Euros. This source of finance thus increased from 25 million Euros in 2000 to 194 million Euros in 2014 (i.e. by a multiple of almost 8 in 15 years). Insurance contracts have provided a total of 1.5 billion Euros to finance this fund since it was created in 1995.

**PUBLIC ACTION TO PREVENT NATURAL HAZARDS:**

A SUMMARY

Overall, the natural hazard prevention policy in France is based on a full array of legal, operational and financial instruments:

- Information and learning tools concerning the risks and the housing and other assets and activities that are exposed to those risks, to which the European Floods Directive has made a significant contribution.
- Local instruments (NRPPs, MRPs and FPAPs) and general frameworks established by national strategies and plans.
- A pivotal financing tool, the Barnier Fund, funded by a contribution drawn from the natural disaster insurance premiums and which supplements the essential contribution from local public or private project sponsors.

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1 The State can contribute by means of subsidies, advances or allocation of exceptional non-tax revenue. The proceeds of financial investments also augment the Fund’s resources.
OVER THE LAST 5 YEARS, PUBLIC AUTHORITIES HAVE DEVELOPED THE OVERALL ORGANISATION AS WELL AS TOOLS FOR PREVENTION OF NATURAL HAZARDS. THIS EFFORT WAS LARGELY PROMPTED BY THE MAJOR NATIONAL IMPACT OF STORM “XYNTHIA” IN 2010, AS, IN THE PAST, OTHER MAJOR CATASTROPHIC EVENTS.

The following in particular should be noted:

- The acceleration of the number of Flood Prevention Action Programmes (FPAPs), whose scope of action at the level of catchment areas is relevant. The specifications that set the framework of FPAPs referred to as “second generation” have further improved the effectiveness of these programmes by requiring “cost/benefit” analysis and including the “coastal flooding” peril.

- The successful implementation of the recommendations of the Floods Directive by the French Government should also be emphasised. The surveying and mapping of the 122 Significant Flood Risk Areas (FRAs) represents undoubted progress in terms of knowledge of the housing and other assets and activities exposed to flood risk in these areas compared to the former “Flood Zone Atlases” (FZAs) (Atlas de Zones Inondables).

- Finally, the national strategies and plans (Rapid Flooding Plan, National Flood Risk Management Strategy and National Coastline Management Strategy) provide clear frameworks bringing a joined-up approach to long-term prevention policies.

Other significant areas of progress must also be highlighted:

- Météo-France’s severe weather warning procedure has continuously expanded the perils it monitors. This procedure, which was introduced in 2001 following the storms of 1999, now monitors nine severe weather phenomena.

- The system of flood warnings for the main water courses that flow through our country has also seen significant progress in recent years. The “Vigicrues” procedure set up in 2006 is under the responsibility of the Central Office for Hydrometeorology and Support for
In spite of such undeniable progress, insurers carrying out their tasks to compensate natural hazards victims in the affected areas have witnessed a number of instances when implementation of prevention policies falls short.

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1 The association "Mission Risques Naturels" was created in early 2000 by the French Insurance Federation, after a year that saw a particularly high level of claims for natural disaster events (floods and storms). Its purpose is to improve insurance companies' knowledge of the prevention of natural risks.
INSURERS ARE WITNESSES TO A LACK OF PREVENTION POLICIES IN TOO MANY AREAS HIGHLY EXPOSED TO CLIMATE RISKS. WE LIST BELOW 10 MAJOR FAILURES OBSERVED ON THE GROUND, WITH THE RELEVANT COMMENTS, TOGETHER WITH 23 PROPOSALS FOR IMPROVEMENT.

1 NRPPS WHICH HAVE BEEN PRESCRIBED BUT NOT APPROVED

It should be borne in mind that:
- Since 1 August 2011, any NRPP that has been prescribed must be approved within 3 years with the possibility of an 18-month extension if justified by the Prefect.
- The simple prescription of an NRPP gives access to full financing of the necessary studies by the Barnier Fund.
- The fact that an NRPP has been prescribed is sufficient to avoid property in the municipality being subject to the increase in the excess, introduced in 2000, within the framework of a regulatory provision of the natural disaster insurance regime. This has generated “inflation” of the numbers of NRPPs prescribed simply to take advantage of this fact, which will presumably remain a dead letter.

3,000 municipalities now have a flood NRPP which has been prescribed but not approved. Beyond this quantitative aspect of the NRPPs, it should also be noted that they are very uneven in terms of their relevance and effectiveness, both nationally and regionally (relevant risk basins) and locally (municipality).

In the light of the above, insurers recommend:

PROPOSAL NO. 1

To carry out detailed six-monthly monitoring, département by département, of the state of progress of prevention plans that have been prescribed but not yet approved.

To entrust this task to the major risk committees (conseils des risques majeurs) of the départements, which will make their findings public.

PROPOSAL NO. 2

To build a reference model for rating the relevance and effectiveness of approved Natural Risk Prevention Plans (NRPPs) (Plans de Prévention des Risques Naturels) and to entrust it to the National Observatory for Natural Risks (NONR) (Observatoire National des Risques Naturels).

To apply this reference model across the whole country to enable national monitoring using indicators that are published by the ONRN.
As scientific and technical knowledge evolves, so do the areas exposed to hazards. However, NRPPs do not necessarily evolve at the same rate. As a result, it is common to see so-called “older generation” NRPPs (Risk Exposure Plans (Plans d’exposition aux Risques) with risk scopes defined by article R111-3 of the Town Planning Code, Flood-prone Area Plans (Plan de Surfaces Submersibles), Forest-Fire Risk Area Plans (Plan de Zones sensibles aux Incendies de Forêt) drawn up more than 30 years ago, at a time when knowledge about modelling was at an early stage.

It should be borne in mind that the Act of February 1995 allowed these regulatory documents, issued before that act, to be treated as NRPPs. What was true then is certainly not true today.

**PROPOSAL NO. 3**

To put in place an obligation for any municipality that has an “older generation” prevention plan to update it within a period of 36 months.

Maximum effectiveness of a prevention plan will be achieved only if it is taken into account in the Local Development Plan (LDP). To that end, article L. 126-1 of the Town Planning Code provides that Local Development Plans must contain, as a schedule, the public utility easements to which use of the land is subject. According to article L. 562-4 of the Environment Code an approved NRPP has the status of a public utility easement. It is therefore compulsory for it to be attached to the LDP. Attaching the NRPP to the LDP is particularly important given that article L. 126-1 of the Town Planning Code provides that, once a year has passed from the date on which an easement is established, the easement can only be relied on against applications to occupy the land if it has been attached as a schedule to the LDP.

**PROPOSAL NO. 4**

To draw up a list of municipalities that have a Natural Risk Prevention Plan (NRPP) that is not attached to its Local Development Plan (LDP) (Plan Local d’Urbanisme).

**PROPOSAL NO. 5**

To make the financing of a Flood Prevention Action Programme (FPAP) (Programme d’Actions de Prévention des Inondations) conditional upon the relevant municipalities including the Flood Risk Prevention Plans (FRPPs) (Plans de Prévention des Risques Inondations) in their Local Development Plans (LDPs).

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1 Joint report of the General Council for the Environment and Sustainable Development (Conseil général de l’environnement et du développement durable), the General Inspectorate of Finance (Inspection générale des finances) and the Inspectorate of Civil Defence and Protection (Inspection de la défense et de la sécurité civile).
In order to lead and direct a national prevention policy, the public authorities must have standardised data. On the ground, insurers observe:

- Insufficient data available (some départements do not provide any data).

- A high degree of variation in zoning districts in the NRPPs, as a consequence of their geographical distribution or date of production. Thus, the number of zones that make up the different zoning districts range from 3 to 10 depending on the NRPPs.

- This lack of consistency can also be seen in the terminology associated with the regulatory zones. The definition of a “red” zone can vary from one NRPP to another! Consequently, no consolidation can be carried out at the national level.

Work to standardise the data must be carried out without delay to make it possible to identify the basic data essential for prioritisation of actions and effective resource allocation.

PROPOSAL NO. 6

To build and implement a single data repository, common to all NRPPs, providing in particular for them to be made available in digital form including the map layers.

The French Insurance Federation’s climate study places coastal flooding second in the list of perils identified as most likely to lead to increased insurance payments associated with climate change.

The projections produced estimate the damage that will be caused by coastal flooding over the next 25 years at 4 billion Euros, compared to 850 million Euros for the last 25 years (mostly accounted for by the storm Xynthia).

This peril presents the strongest growth dynamic and, all things being equal, will have even more significant consequences beyond the 25 years studied.

At present, 303 municipalities have been identified as priority municipalities in terms of coastal flooding. At 31/08/2015:

- 22% (67) of them had a Coastal Risk Prevention Plan (CRPP) (Plan de Prévention de Risques Littoraux) approved or implemented pending approval.

- 67% (205) had started the approval process for a CRPP.

- 10% (31) had not yet taken any action to prescribe a CRPP.

In view of the assets and activities at risk, both human and economic (areas subject to the risk of coastal flooding are often areas of high tourist potential), a process to speed up the prescription and approval of CRPPs must be undertaken for those municipalities for which a CRPP has not been prescribed or, if prescribed, has not been approved.
Too many municipalities still do not have an MRP. This is very clear from the feedback of experience on the ground in the prefecture of the Pyrénées-Atlantiques included in the report Le Retour d’expérience global de la Crue des Pyrénées des 18 et 19 Juin 2013 DREAL Midi-Pyrénées du 02/12/2013 (Overall Feedback of Experience of the Pyrenees Floods of 18 and 19 June 2013, Midi-Pyrénées Regional Office for the Environment, Spatial Planning and Housing, 02/12/2013):

“Implementation of MRPs by those municipalities that had them enabled them to better manage the consequences of the floods. It is therefore necessary to continue actions to encourage all municipalities to prepare MRPs, including those for which this is not a regulatory requirement. In addition, it should be made compulsory to prepare an MRP as soon as a RPP has been prescribed.”

Insurers also observed large differences between the insurance payments for damage between two municipalities of the same size, and which had experienced the same natural event, where one had an MRP and the other did not.

It is clear that putting a regulatory requirement in place does not seem to be sufficient to obtain results.

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**PROPOSAL NO. 7**

To prohibit municipalities that do not have a Municipal Response Plan (MRP) (Plan Communal de Sauvegarde) from accessing the resources of the Major National Risk Prevention Fund (MNRPF) (Fonds de Prévention des Risques Naturels Majeurs).

**PROPOSAL NO. 8**

In the absence of such plans, to apply the precautionary principle by imposing a systematic refusal to grant building permits for projects that are of such a nature as to adversely affect public safety because they are located in areas presumed to be at significant risk.

**PROPOSAL NO. 9**

To identify campsites that are at risk of flooding and require them to prepare, within a reasonable period of time, response plans to be implemented in the event of a warning of river or coastal flooding.

**PROPOSAL NO. 10**

To require municipalities at risk of rapid flooding to put in place public warning systems based on modern communication methods (text messaging, email and social networks).

**PROPOSAL NO. 11**

To prohibit municipalities that do not have a Municipal Response Plan (MRP) (Plan Communal de Sauvegarde) from accessing the resources of the Major National Risk Prevention Fund (MNRPF) (Fonds de Prévention des Risques Naturels Majeurs).
The second generation FPAPs introduced cost/benefit assessment criteria. Despite this indisputable step forward, the approach has not been taken to its logical conclusion as regards the eligibility criteria used to establish financing priorities.

**On the basis of real-life examples, insurers propose that FPAPs should be analysed from two angles:**

- More complete eligibility criteria based in particular on multi-criteria analyses that take account of specific indicators such as the annual average number of homes or other assets or activities for which exposure to the hazard is avoided (referred to in French as NEMA - nombre d’enjeux évités moyens annuels), for example the number of inhabitants or number of jobs.
- Prioritisation criteria that allow the ratio between the investment expenditure and the value of the assets and activities protected to be better taken into account and that also allow more equitable treatment between different areas.

**Furthermore, the process does not include individual feedback on each FPAP:**

- While the approach to FPAPs followed since 2002 fits well with the national desire to promote local flood prevention initiatives, the almost complete lack of monitoring data on the FPAPs and of feedback on the effectiveness of the actions makes it impossible to carry out a results-based assessment of the effectiveness of this instrument.

Reporting tools must be put in place to monitor at national level the effectiveness of the actions taken under FPAPs.

- Furthermore, the data collected in the diagnostic stage of the FPAPs have not been compiled at the national level. Those data, and in particular the data relating to the state of progress of prevention in areas covered by the FPAPs, could enable a benchmark for areas and FPAPs to be established by establishing an initial status in terms of prevention and the progress brought about by the plans.

**PROPOSAL NO. 12**

To improve the eligibility and prioritisation criteria for financing of Flood Prevention Action Programmes (FPAPs).

**PROPOSAL NO. 13**

To share the experiences of the certified FPAPs.
Drought already accounts for 33% of insurance payments under the natural disaster insurance regime. The French Insurance Federation’s climate study clearly indicates that the phenomena of shrinkage-expansion of clayey soils will significantly increase in number and scale. Consequently, this is the risk that will increase most by 2040.

Paradoxically, it is clear that this hazard is the one to which least consideration is given in the array of public prevention policies, even though insurers estimate that each year between 20,000 and 30,000 individual houses are built in areas of clayey soils without appropriate foundations.

Research programmes (“ARGIC Programmes 1 and 2 – Analysis of Shrinkage-Expansion and its Impacts on Buildings”) have been carried out. They propose solutions for understanding and preventing the phenomenon while raising awareness by the planned production of three recommendation guides:

1 How to repair a house;
2 How to build a house;
3 How to characterise a site with regard to shrinkage-expansion of clays.

At the same time, Unified Technical Document 13.12 Rules for Calculating Shallow Foundations (Règles de calcul des fondations superficielles) dates from March 1988 and has not been updated even though building techniques have changed considerably over more than 25 years.

It is now essential for the legislature to establish a system for the prevention of and dissemination of information about this peril. This system should be built around the following measures:

**PROPOSAL NO. 14**
To recognise a regulatory mapping of clay areas over the whole country based primarily on the advanced work of the Mining and Geological Research Office (Bureau de Recherche Géologique et Minière).

**PROPOSAL NO. 15**
To make it compulsory for soil analyses to be carried out for all building projects or sales of land that has been or is authorised to be built on, located in areas that have been identified as being at risk, and for the analysis to be attached to the notarised deed for the land.

**PROPOSAL NO. 16**
To make it compulsory, within the framework of the LDPs, to produce a geological analysis of new land for urban development.

**PROPOSAL NO. 17**
To require proof to be provided, in applications for building permits, that a geotechnical study has been carried out in accordance with the geological analysis and taken into account in determining the dimensions of the foundations and structures.

**PROPOSAL NO. 18**
To reformulate the ad hoc Unified Technical Documents (in particular UTD 13.12) to include best practice in order to adapt the foundations of individual houses to subsoils analysed as risky, with reference in particular to the three recommendation guides of the 2nd Plan for the Analysis of Shrinkage-Expansion and its Impacts on Buildings (2e plan d’Analyse du Retrait-Gonflement et de ses Incidences sur les Constructions – Argic 2).
The dispersed nature of the sources of financing is a source of inefficiency. It generates significant risks of diluting public action. It can lead to duplication of tasks and actions. It makes it impossible to monitor and assess all the measures taken in the same way.

In 2009, the Audit Court (Cour des comptes), in its annual report, which it devoted to “The State in the Face of Natural Risks” stated, on page 651: “Complex and unclear budgetary procedures: the diversity of sources of finance produces complexity; that complexity is exacerbated at the local level by the number of bodies authorised to incur expenditure financed in this way. Widening the range of operations that can be financed by the MNRPF damages the coherence and transparency of its interventions”.

Given the importance of the natural risk prevention policy, this fund must undergo structural reform in order to delimit its scope (audits of tasks) and provide it with real clarity in terms of both policy and the way it functions (performance monitoring and budget management).

With regard to governance, there must be more joint decision-making, in terms of the choice of actions, between those who finance the fund (insured parties), those who act (public authorities) and those who pay out compensation and collect the funds (insurers). A proper governance body must be put in place, bringing together all those involved in prevention.

PROPOSAL NO. 19

To task the Orientation Committee for the Prevention of Major Natural Risks (COPRNM-Conseil d’Orientation pour la Prévention des Risques Naturels Majeurs) with ensuring the proper coordination and coherence of all the resources assigned to the prevention of natural hazards.

The Major Natural Risk Prevention Fund (MNRPF, known as the Barnier fund) is the pivotal instrument for financing actions under public prevention policies. Although this fund has managed a budget of more than 1.5 billion Euros of expenditure since it was set up (its 2015 budget is 200 million Euros), it does not really have a governance body to direct it. Its management board meets once or twice a year and all it does is record the expenditure presented by the representatives of the Ministry of Ecology, Sustainable Development and Energy.

PROPOSAL NO. 20

To reform the Major Natural Risk Prevention Fund MNRPF (Fonds de Prévention des Risques Naturels Majeurs) in terms of its governance, its tasks, its oversight and control of its expenditure.

PROPOSAL NO. 21

To establish a closer relationship between the Major Natural Risk Prevention Fund (MNRPF) (Fonds de Prévention des Risques Naturels Majeurs) and the public authority bodies responsible for deciding and prioritising preventative actions, such as the Joint Flood Committee (Commission Mixte Inondation).
In its 2010 report on the consequences of the storm Xynthia, the Senate stated that “without a risk awareness culture, it will not be possible to anticipate or manage floods”.

For a number of years the legislature has been putting in place numerous requirements to inform the public about exposure to natural hazards: the obligation to provide information to purchasers and tenants (2003 Act), the obligation for municipalities to draw up Municipal Major Risk Information Documents (1987 Act) and MRPs (2004 Act), and install flood level markers (2003 Act).

However, events continue to occur and people are still not adopting appropriate responses in terms of prevention. Therefore, in addition to regulation, it is necessary to develop a genuine culture of awareness of natural risks in daily life.

Developing this awareness of what is at risk when natural hazards occur requires repetition of messages from a very young age.

Consequently, the introduction of inter-disciplinary practical teaching when middle schools (collèges) are reformed in September 2016 would help to provide young generations with a good understanding of the socio-economic assets and activities threatened by natural hazards. This subject matter is, in essence, cross-disciplinary.

Moreover, the requirement for all schools to put in place an Individual Safety Measures Plan (Plan Particulier de Mise en Sûreté) to respond to a major risk should provide the opportunity for young generations to adopt appropriate responses. A survey of plans in place should be carried out with the aim of achieving an increase within a reasonable period.

In addition, on 13 October each year the United Nations celebrates an International Day for Disaster Reduction. The aim is to raise the awareness of governments and populations about the importance of disaster risk reduction and to encourage them to build resilient communities and nations. However, in France the day has not achieved the scale and recognition it should enjoy; it should be given greater emphasis and reach.

In order to optimise public awareness of natural hazards, citizens must be able to access information about their risk exposure easily and efficiently, wherever they are in France, as well as all the associated information concerning prevention. The State should, working together with insurers, be able to provide each citizen with precise information on his or her exposure by risk location, to the highest resolution (GPS coordinates). The uncertainty that may be attached to that information must be suitably taken into account.

This project could be entrusted to the National Observatory for Natural Risks.

PROPOSAL NO. 22

To put in place tools for the general public (website, smartphone app) in order to disseminate knowledge about exposure to and prevention of natural risks, to entrust this task to the National Observatory for Natural Risks (ONRN - Observatoire National des Risques Naturels).

PROPOSAL NO. 23

To introduce a national natural risk prevention day having the following aims: to provide information to people situated in risk areas and to educate people in the correct actions to take if an extreme climate event occurs.
MODERNISATION OF THE NATURAL DISASTER INSURANCE REGIME
THE NATURAL DISASTER INSURANCE REGIME WAS PUT IN PLACE BY THE LEGISLATURE IN 1982. IT IS AN INNOVATIVE MECHANISM BASED ON A PUBLIC-PRIVATE PARTNERSHIP.

The main features of the regime are:

- It functions wholly within the framework of articles L125 and following of the Insurance Code.
- Any insurance contract that includes “property damage” cover automatically includes this natural disaster cover. Thus, contracts that cover a home, a business, a local or regional authority, or a farm (excluding crops not harvested and placed in store) have natural disaster cover. A vehicle will be covered only if the relevant insurance contract has damage cover (vehicles that have only third party liability cover do not benefit from natural disaster cover).
- The law specifies the wording of the cover, the price, the excesses to be paid by the insured party, the requirements in terms of time-limits for notifying claims, periods within which the insurer must pay out, etc.
- Payments will only be made under this cover if the municipality in which the damaged property is located has been declared by an inter-ministerial order to be in a state of “natural disaster”.
- Insurers can use reinsurance to manage this cover. The reinsurance is backed by the State and is delivered by means of a “stop-loss” reinsurance agreement (an insurer limits its annual cumulative potential losses by paying a reinsurance premium). The particular feature of this reinsurance is that there is no limit as to amount.
- The cover insures property damage caused by “the abnormal intensity of a natural agent” with the exception of damage caused by wind (covered in the overseas départements and territories but not in metropolitan France).

- It should be noted that the “storm” cover that covers damage caused by the effects of wind is also a mandatory extension of any insurance contract that contains damage cover. It is, however, separate from the natural disaster insurance regime.

The evaluation of this insurance regime by the insurers belonging to the French Insurance Federation is, on the whole, positive. Extending it to all insurance contracts has, for more than 30 years, made it possible to protect effectively the means of production and property of French people at a reasonable price.

Nevertheless, as a result of the feedback from experiences of the various natural disasters that have occurred in recent years, the industry has identified a number of areas in which the regime should be updated in order to:

- place greater responsibility on insured parties,
- improve certain areas of cover,
- support the financial sustainability of the mechanism,
- make the regime easier to understand for insured parties.
The natural disaster regime is often criticised for placing little responsibility on insured parties. The principle of solidarity on which it is based means that insured parties pay the same price and enjoy the same cover regardless of the exposure of their properties. Setting a single price in this way also means that, ultimately, there is little reward for making an effort to take preventative action. The criticism is valid and this issue should be addressed.

Firstly, an insured party who is paying the average 220 Euros a year to insure his or her home (average premium on the market) will be paying 15 Euros for natural disaster cover. With prices at this level, it is difficult to see how varying premiums could encourage insured parties to invest in protecting their homes.

Secondly, as indicated in the previous chapter, preventing and protecting against natural hazards is above all a collective matter. Many preventative and protective actions are related to spatial planning. Acting only through individual insurance contracts will do little to change this fundamental aspect of prevention.

This last point is less relevant for large companies and local authorities. They have more resources to act to protect their own assets. Thus a company can, for example, ensure that it does not locate expensive IT equipment at a floodable level. A local authority can include arrangements to protect its own assets in its Municipal Response Plan.

Thus, while insurers are in favour of maintaining the solidarity-based nature of the natural disaster insurance regime for private individuals, traders, artisans and small companies, they seek elements of flexibility for large companies and local and regional authorities.

They therefore propose that insurers should be free to set a specific excess for this type of risk according to:

- the exposure to hazard,
- the preventative and protective measures taken by the insured party,
- the preventative and protective measures taken by the public authorities (NRPP, MRP, FPAP, RFP).

The variation of the excess would be specific to the natural disaster cover. It would not apply to the other damage cover under the contract.

PROPOSAL NO. 24

To introduce in the national disaster insurance regime the freedom for the insurer to set the level of the excess for this cover for insurance contracts covering capital amounts in excess of 50 million Euros and those covering regional and local authorities whatever the amount.
Damage caused to buildings as a result of drought is a separate peril. Unlike all other perils, the time and place where these events occur is not immediately apparent.

The time taken by the public authorities to publish orders declaring that municipalities were in a state of natural disaster following the drought of 2003 clearly illustrates this: some municipalities did not see the order concerning them published until three years after the event, with all the difficulties that this delay created in assessing the damage and the causal link.

Moreover, the damage caused by this type of event ranges from simple cracks that have no consequences, or damage to ornamentation and decoration, to damage that endangers the very soundness of the structure.

Insurers propose a specific treatment of this peril according to the following methods:

- Natural disaster insurance would come into play only for buildings more than 10 years old. This restriction can only apply after the regulations requiring foundations to be adapted to the nature of the subsoils have been put in place (see previous chapter) and will therefore only apply to housing built after that introduction of that regulation. If a claim is made within the first 10 years, it is the builder’s ten-year liability that will be called on.

- Natural disaster insurance will only be called on if the soundness of the building has been affected. This terminology combines the benefits of simplicity and, through the consultation of loss adjusters, objectivity in ascertaining the damage. Moreover, it seems logical for a regime that is referred to as a “disaster” regime to come into play only for major losses of this type.

Transferring the cover for this type of damage to the new building liability insurance regime does, however, raise the question of insured parties’ freedom to decide how to use the insurance payments they receive. The Insurance Code provides that any insured party who has suffered a loss is free to choose whether or not to use the insurance payment to repair the damage. The only obligation regarding use of insurance payments concerns those made in respect of natural disasters and rebuilding the property on the same site for clear safety reasons. Thus, for the same reasons of safety, this obligation concerning use of the insurance payment should be extended to the ten-year new building liability insurance.

**PROPOSAL NO. 25**

To transfer the compensation for losses resulting from drought to the ten-year building liability insurance regime for all new buildings that satisfy the requirement for soil surveys (see proposal no. 14).

**PROPOSAL NO. 26**

To accompany this transfer with preventive measures linked to the obligation to carry out soil surveys and with a limitation on application of the natural disaster insurance regime, which will be restricted to damage affecting the soundness of the building’s structure after 10 years.

**PROPOSAL NO. 27**

To make it compulsory for the insured party to use the compensation paid by the new building liability insurer to repair the building or the land on which it is located if the building is to be rebuilt on the same site.
Since 1 January 2001, articles L. 125-2 and A. 125-1 of the Insurance Code have provided for an automatic mechanism to increase the excess paid by insured parties making a claim under natural disaster insurance.

The variation of the excess applies in municipalities that do not have a natural risk prevention plan (NRPP) prescribed.

Multipliers are applied to the excess as a function of the number of times the municipality has already been recognised as being in a state of natural disaster for the same type of peril during the last five years.

The variation is suspended once an NRPP for the relevant peril has been prescribed; it is reactivated if the NRPP is not approved within four years.

This measure, which was intended to encourage municipalities to put NRPPs in place, has partially achieved its objective, but has been misused by some municipalities, which have prescribed an NRPP of convenience without actually implementing it.

Moreover, the multiple requests by some town halls for recognition of a state of natural disaster even though no real damage has occurred, without at the same time putting an NRPP in place, has led to some insured parties seeing the excess tripled or even quadrupled when they make their first claim.

Furthermore, this complex measure is poorly understood by insured parties, who see it as an excessive financial penalty for a failure for which they do not feel themselves to be responsible.

Insurers are of the opinion that this link between insurance and prevention must be maintained, and propose that the mechanism be made simpler and easier to understand:

- Limiting the penalty to a doubling of the excess.
- This doubling would apply where two events of the same peril occur in a period of 5 years and the municipality in question does not have an approved Risk Prevention Plan for the relevant risk and a Municipal Response Plan.

Limiting the penalty while at the same time strengthening the requirements that must be satisfied in order to avoid it being applied would avoid the phenomenon of NRPPs of convenience, reinforce the role of the MRP and simplify the mechanism.

PROPOSAL NO. 28

To simplify the mechanism for varying the excess by limiting the consequences of such variation for insured parties and requiring a Natural Risk Prevention Plan to have been approved (and no longer simply prescribed) and Municipal Response Plans put in place in order to avoid application of the variation.
DEFINING MORE OBJECTIVE CRITERIA
FOR OFFICIAL NATURAL DISASTER DECLARATIONS

The criteria for the decision to declare that a geographical area comes under the natural disaster regime are not always clearly understood by the populations affected. Moving to an objective system, that is to say one that covers a list of designated perils and is based on quantitative criteria, instead of a scope of application that is currently defined by “the abnormal intensity of a natural agent” would make it easier to predict the areas that would be covered by the regime and would result in greater acceptance by populations.

PROPOSAL NO. 29

To establish an objective basis in law for the scope of application of natural disaster cover by listing the perils covered and describing the criteria governing the levels of seriousness.

INCLUDING ALTERNATIVE ACCOMMODATION COSTS

Many of those affected by major events, such as the storm Xynthia in 2010 or the floods in Var in June 2010, whose main residences were rendered uninhabitable, were not aware that some insurers pay for alternative accommodation costs while others do not.

In effect, as this cover is not included in the statutory natural disaster cover, whether or not it was available depended on the insurance contract that had been taken out. However, this cover meets a genuine need of insured parties.

Insurers estimate the cost of this measure as being around 1% of the total cost of the claim for the insurers and reinsurers concerned.

Clearly, this cover would only pay out for insured occupants whose main residence has been damaged in accordance with the conditions and limits provided for in the contract. The issue of loss of rent for owners whose property has been damaged is also a question that must be assessed as part of a forthcoming reform.

PROPOSAL NO. 30

To include in the natural disaster insurance regime compensation for the costs of alternative accommodation for victims of natural disasters whose main residence has been damaged.

EXTENDING THE DEADLINE FOR NOTIFYING CLAIMS

Article A. 125-1 of the Insurance Code requires the insured party “to notify the insurer or its local representative of any claim that may lead to a payment under the cover as soon as he or she is aware of it and no later than ten days after publication of the inter-ministerial order declaring the state of natural disaster”.

At the time of major events such as the storm Xynthia, the Var floods (2010) and, more recently, the floods in the Alpes-Maritimes in October 2015, insurers who are members of the French Insurance Federation acted quickly to support their insured parties who were affected. One of the first measures to be
announced was the extension of the deadline for notifying claims. However, these measures are not systematically applied when smaller events occur. It is proposed that this article be amended to increase the deadline from 10 to 30 days so that all those affected benefit, regardless of the scale of the event.

PROPOSAL NO. 31
To extend the deadline for notifying claims following a natural disaster from 10 to 30 days.

In view of the economic issues for businesses (temporary layoffs or short-time working, return to employment, site closure) resulting from a natural event, insurers recommend that NRPPs should systematically include a section dedicated to managing natural risks in business.

Thus, NRPPs should require businesses located in a risk area:
- to carry out an analysis of vulnerability to natural risks.
- to produce a business continuity plan.
- to put preventative/protective measures in place.

These measures would encourage businesses already set up in risk areas to take on more responsibility in matters of prevention. Insurers have already produced prevention information sheets for businesses.

PROPOSAL NO. 32
To make it compulsory for NRPPs to include a section dedicated to the prevention of business risks and to monitor its implementation.

Acting on a proposal from insurers, the Ministry of Ecology, the CCR and the MRN (Mission Risques Naturels, the French Insurance Federation) signed a partnership agreement on 3 May 2012 to set up a National Observatory for Natural Risks (ONRN - Observatoire National des Risques Naturels).

The aim of the observatory is to build a network and share and exchange knowledge about natural risks. Its mission is to be
- a forum for discussion and exchange of experiences and skills;
- a forum for inventoring, collecting and sharing geographical and other data. The data must be processed, cross-referenced, classified and validated in order to produce standardised, summary information;
- a forum for disseminating information to actors in the area of prevention. The ONRN's
The Central Pricing Office (BCT - Bureau Central de Tarification) is a body that insured parties can apply to if they are unable to find an insurer. Applying to the BCT in this way is only possible for certain types of compulsory cover specified by the Insurance Code. These are:
- motor liability cover,
- medical liability cover,
- compulsory over in construction insurance,
- natural disaster cover,
- tenants’ and co-owners associations’ liability cover.

For the natural disaster cover, the relevant section of the BCT can, after analysing the risk, set the conditions on which the cover will be taken out and require the insurer chosen by the insured party to provide the cover.

In reality, however, the BCT has very little room for manoeuvre to impose conditions on which the cover must be provided that properly reflect the reality of a risk which, by definition, has aggravating criteria. As the rate of premium is set by law (12% of the premiums for damage cover for property insurance), the BCT can only change the statutory excess within a framework set by the Insurance Code.

The view of insurers is that the BCT should have complete freedom to set the conditions on which an insurer will be required to insure the risk with regard to the premium and the amount of the excess, and also with regard to the prerequisites in terms of prevention or protection.

This would greatly encourage insured parties that are highly exposed to risks to act quickly in matters of prevention and protection so that they can find less expensive insurance as quickly as possible.

**PROPOSAL NO. 34**
To give the “natural disasters” section of the Central Pricing Office (BCT - Bureau Central de Tarification) complete freedom to set the conditions of insurance (price, excess, protective and preventative measures).