



**AAE**

ACTUARIAL  
ASSOCIATION  
OF EUROPE

# EIOPA Consultation NatCat adaptation measures insurance Summary of AAE Key Messages



Prepared by Stephanos Hadjistyllis  
AAE Senior Actuary & Project Manager

## What was the consultation about?

EIOPA explored how the Solvency II standard formula for natural catastrophe (NatCat) risk can better reflect climate adaptation measures (e.g., flood defenses, roof hardening). It assessed:

- Prudential treatment options: Reassessment cycles, Undertaking-Specific Parameters (USP), and new dedicated parameters.
- Peril-specific analysis for windstorm, earthquake, and flood.
- Micro (property-level) vs. macro (infrastructure-level) measures.

## Why does it matter?

If capital requirements do not recognise adaptation, insurers have less incentive to reward policyholders for resilience. Conversely, granting capital relief without robust evidence could undermine solvency. Therefore, it is a vital link between prudential policy and climate resilience.

## What were our key messages?

- 1. Support Combined Approach:** We favoured a more frequent reassessment process (Option A) combined with **new dedicated adaptation parameters** (Option D).
- 2. Leverage International Evidence:** Use data from non-European regions (e.g., US "FORTIFIED" roof hardening) to inform European windstorm vulnerability, adjusted for local contexts.
- 3. Increase Geographical Granularity:** Refine the CRESTA zone structure—potentially using postal codes—to better capture local risk variations and adaptation benefits.
- 4. Reserve USPs for Large Entities:** Undertaking-Specific Parameters are often too resource-intensive for mid-sized firms; country-specific parameters (CSPs) may be more scalable.
- 5. Distinguish from Risk Transfer:** Avoid treating physical adaptation as "Risk Mitigation" (Option C), as it lacks the contractual/enforceable nature of reinsurance.
- 6. Address "Missing Perils":** Include **wildfires and heavy snow** in the standard formula to allow for the recognition of relevant adaptation measures.



**AAE**

ACTUARIAL  
ASSOCIATION  
OF EUROPE

# ACTUARIAL ASSOCIATION OF EUROPE

Silversquare North  
Boulevard Roi Albert II 4  
1000 Brussels, Belgium  
[www.actuary.eu](http://www.actuary.eu)

Follow us on [LinkedIn](#)  
and X: [@InfoAAE](#)



ADVISING • ACHIEVING • ENGAGING