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Consortium	VU University Amsterdam, Faculty of Earth and Life Sciences Financial sector Rabobank Water & Insurance VU University Amsterdam, Faculty of Earth and Life Sciences, Institute of Environmental Studies Insurance sector Interpolis Climate change IVM-FALW Adaptation IVM-VU Flood management FutureWater	
Project website		
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Context / Social problem

Research has shown that direct economic damage from weather-related natural disasters worldwide has risen in recent decades. Extreme precipitation events, river floods and drought cause considerable damage, particularly in low-lying deltas like the Netherlands. If climate change leads to more extreme weather, especially intensive rainfall, we can inspect more damage in future.

What do we know/not know?

Insurance for damage caused by heavy rainfall is generally available for households and recently also for the agricultural sector (Aquapol). Since the 1953 flood disaster in the Netherlands, no more insurance policies have been offered for damage resulting from the breach of dikes. Damage from disasters that cannot be prevented, is not covered in any other way, is uninsurable or is only insurable at prohibitive premiums, can be covered by central government under the Disasters and Serious Accidents (Compensation) Act. In such cases the government has to have declared the event a disaster. In both the Netherlands and the EU, thought is being given to improved coverage of risks and damage. However, little research has been done into financial and insurance arrangements that can alleviate the negative effects of climate change and extreme weather, and how efficient they are.

What is being studied?

Alternative insurance packages are being assembled to cover the risks of climate change. An inventory

will be made of national and international policies for compensation for flood damage. Possibilities for the private sector absorbing some of the risk will be explored. Spatial differentiation in insurance will be examined as a possible option. It could make the risks for the participating parties (government, insurers) more manageable and give citizens and businesses an incentive to make more sustainable use of land. The effects of climate change and new insurance arrangements on supply and demand on the capital and insurance markets will be modelled and the economic and social costs and benefits of the insurance packages evaluated.

What are the results, and who are they for?

The outcome of the project will be better insight into the damages that can be caused by extreme weather under climate change. It will also improve expertise with insurance arrangements and the roles of the private sector and central government in covering risks. This information is crucial for both government and the insurance sector and for spatial planning and water management in the Netherlands.

