

Insuring the Dutch Delta: Climate Adaptation, Insurance and the Future of Risk Sharing in the Netherlands

On November 14, 2022, the Dutch Association of Insurers, Resilient Delta and the Rotterdam School of Management convened over 25 experts from insurance, resilient engineering and building, academia, and other sectors to discuss ways to address the many challenges that climate risks pose to the low-lying Dutch delta. The insurance sector has a crucial role to play in climate adaptation, but also needs deeper collaborations with other sectors. This cross-sectoral approach is new for insurers, yet insurability is crucial for society at large. This document summarizes the four main themes and related opportunities for further collaboration that emerged during the meeting.

01

Linking Risks, Asset Values and Insurance Strategies

Disasters and broader climate adaptation approaches can have a wide range of impact on asset values, the economy, and society at large. Actuarial approaches can help to determine public, private, and partnership-based approaches to managing these risks in a comprehensive and integrated way. To unlock actuarial insights and create insurance-based solutions for society, more granular knowledge about physical risks and the interactions between risk management strategies is necessary.

- How can we reduce knowledge gaps and societal uncertainty regarding the impacts of disasters on asset values, the economy, and society more broadly?
- How can we develop granular knowledge that enables us to measure the potential impact of disasters on individual assets?
- How can we design risk management approaches that keep insurances affordable and at the same time reduce protection gaps?

02

Enabling Risk Prevention

The costs and challenges of disasters and long-term climate risks can be avoided through proactive strategies today. Two-way education and awareness-raising are key parts of the development of preventive risk sharing approaches, both for the general public and for technical actors in sectors closely related to insurance (e.g. resilience engineering and spatial planning). Rising awareness should lead to the adoption of climate damage preventive measures by the general public.

- What mechanisms do we need in order to make sure that we 'build back better' – or build in smart and adaptive ways in the first place?
- How can we transform climate risk awareness into action, through the adoption of climate damage preventive measures?
- What knowledge levels and behavioral factors might encourage climate-adaptive behavior in society?

03

Fostering Risk Sharing Synergies

The relationships between the public and private sectors, and among private sector institutions (e.g. insurers, banks, and investors) should be thoughtfully reconsidered to foster positive and systems-based approaches to disaster and climate risk sharing in the Dutch delta.

- How can infrastructure, planning, building, and investment approaches be aligned to maximize the effectiveness of risk sharing?
- How can existing and potential protection gaps be best addressed through integrated public-private strategies?
- How can this sector make difficult decisions and act on controversial measures in times of political instability and given scientific uncertainty and systems complexities?

04

Raising Awareness of Climate Risks

Broad expert and general public awareness is a crucial factor underpinning climate and disaster preparedness. Beyond further developing our weather forecasting and actuarial modelling capacity, this community can promote stronger dialogue among technical experts and the general public alike. The ones who influence the decisions of the general public, like advisors or builders, play a key role in the understanding of climate change risks. Building shared understanding and mutually reinforcing strategies can support societal resilience. .

- How can we develop a stronger understanding of the rationale that drives the attitudes of the general public and the parties that influence their decisions in the context of growing climate-related risks?
- How do we address the potential trade-offs between climate and disaster risk management strategies, in ways that are efficient, effective and equitable?
- How can we promote more widespread public knowledge of disaster and climate risks levels at the asset and neighbourhood levels?

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"I found the wide mix of academics addressing different aspects of insurance and resilience, from planning to insurance, and the presence of the Dutch Insurance Association and also insurance company representatives, very helpful in moving forward in thinking through the many challenging issues involved in making insurance a tool in climate adaptation and resilience."

- Professor Paula Jarzabkowski
University of Queensland Business School,
Australia (Invited International Keynote)

Contact

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