

EXTREME WEATHER EVENTS : AVOIDING THE INSURABILITY CRISIS IN FRANCE

Climate change is increasing the frequency and intensity of extreme weather events. This trend, combined with inflation and urbanization in high-risk areas, is driving a continuous rise in losses from such events in France and worldwide. In 2025, global economic losses caused by these events reached \$277 billion, more than half of which were uninsured.

In France, damages linked to extreme weather events (droughts, floods and storms) amounted to more than €74 billion between 1989 and 2019, and these losses could double for the period between 2020 and 2050.

However, insured losses represent only part of the total damage caused by extreme weather events. In France, between 2015 and 2024, 46% of total losses remained uninsured, amounting to approximately €16 billion. These costs were therefore borne by affected individuals (households, businesses and local authorities) and by the public purse.

Since 1982, France has covered climate disasters through a public-private partnership between a public reinsurer, the Caisse Centrale de Réassurance (CCR), and private insurers providing property insurance on the French market.

Also known as the “natural catastrophe” (Nat-Cat) scheme, this framework is based on the principle of national solidarity and involves the participation of key stakeholders: policyholders, insurers, the public reinsurer and the French state. The scheme is intended to ensure a balanced contribution from each actor, proportionate to their financial capacity.

This balance is now under strain due to the growing frequency and intensity of extreme weather events. In response to this intensification, CCR is absorbing an increasing share of Nat-Cat claims (52% on average, and 60% in 2024). Between 2015 and 2024, its natural catastrophe reinsurance business generated losses exceeding €3 billion, halving its reserves. These financial pressures increase the likelihood of state intervention as the ultimate guarantor of the Nat-Cat scheme.

Despite the larger absorption of Nat-Cat losses by CCR, policyholders face growing insurance difficulties and higher premiums.

Local authorities are particularly affected. They are confronted with the progressive withdrawal of insurers, especially in highly exposed areas (e.g., overseas territories or Hauts-de-France). Growing insurance difficulties,

and in some cases the inability of certain municipalities to secure coverage, are prompting more and more elected officials to mobilize and call for solutions.

While the French State has launched initiatives to address local concerns, these measures do not provide the additional financial resources required for both damage compensation and disaster mitigation. In addition to the cost of climate-related losses, which could double by 2050, annual investments in natural risk prevention are estimated to require an additional €1.8 billion per year.

The financial needs linked to damage compensation and prevention are therefore considerable. Citizens (as policyholders and taxpayers), local authorities and the CCR cannot continue to bear alone the additional financial burden required to preserve both the balance of the Nat-Cat scheme and the insurability of climate risks in France.

As the French Nat-Cat scheme is based on contributions proportional to each actor’s financial capacity, Reclaim Finance analyzed the impact of extreme weather events on the financial health of ten of the largest European insurers and reinsurers, several of which operate in France. The analysis focuses in particular on the performance of their non-life and property insurance underwriting activities, both at group level and, where applicable, within their French subsidiaries.

Insurers and reinsurers analyzed: AXA (FR), Allianz (DE), Generali (IT), Zurich Insurance (CH), Hannover Re (DE), Lloyd’s of London (UK), Mapfre (ES), Munich Re (DE), SCOR (FR), Swiss Re (CH).

The findings reveal a striking contrast: despite the continuous increase in climate-related losses worldwide, the listed insurers and reinsurers studied report record financial performance.

The property insurance business of the ten companies analyzed alone generated an average total underwriting result exceeding €8 billion per year since 2020 (in 2025 euros).

Their cumulative net income increased by 60% between 2010 and 2024, amounting to €405 billion in profits over 15 years (not adjusted for inflation). This strong financial performance primarily benefits shareholders.

Insurers such as AXA, Allianz and Zurich Insurance now distribute up to 75% of their net income to shareholders through dividends and share buybacks. Across the broader sample, no less than €22 billion in dividends were paid in 2024 alone, double the amount distributed in 2010.

This trend is also observed in France. Major insurers operating on the French market, including AXA, Allianz and Generali, generate substantial profits from their French property insurance business, more than €800 million in 2024, despite the intensification of extreme weather events.

Such results raise questions about the fairness of the climate cost burden-sharing at both national and international levels, at a time when extreme weather events have never caused so much damage.

In France, insurers bear a particular responsibility to safeguard insurability as key actors within the Nat-Cat scheme. Given the current financial difficulties faced by the public reinsurer and the projected increase in climate-related losses, failing to revise the distribution of the financial burden among all stakeholders, including major insurers, would be a mistake.

To better protect French citizens and in the interest of social justice, Reclaim Finance calls on public authorities to further mobilize listed insurers and reinsurers to contribute to climate disaster prevention and the compensation of climate-related damages.

