

Natural Catastrophes Insurance Cover Individual System Summary Updates

As of July 2024

1	The name of the Cover	Consorcio de Compensación de Seguros (CCS)
2	Cover Purchase / Distribution Channels	<i>Specific extraordinary risk cover clause is compulsorily attached to most damage property, life and personal injury and business interruption policies issued by private insurance companies.</i>
3	Coverage (incl. perils, sum insured & premium etc.)	<ol style="list-style-type: none"> 1. Coverage includes damages to the insured properties (residential, commercial, industrial, motor and railway vehicles, infrastructures), life and personal injury and business interruption (when considered in the original policy) against the so-called extraordinary risks, namely: flood (coastal, riverine or flash-flood; strong winds –above 120 km/h–; earthquake, tsunami, fall of meteorites, as well as man-made risks such as terrorism, riot, sedition, tumult and damages caused by the armed forces and law enforcement agencies in times of peace. Personal injury against extraordinary risks materialized anywhere in the World is covered. 2. The premium has the form of a surcharge applied to the policies that compulsorily have to include the cover against extraordinary risk. Surcharge tariff is flat, computed as a percentage of the capital insured in the original policy and depends on the kind of exposure (i.e. 0.008 ‰ for housing, etc.). 3. The sums insured are those in the original policy, with no upper or lower limits.
4	Claim Criteria / Loss Trigger	<i>Compensation is automatic once the loss is caused by any of the previously established extraordinary risks (defined by law). There is no need of official declaration to trigger compensation. Only in the case of strong wind losses, there is need for an expert report from the Weather Service in order to determine the areas that have reached the threshold of 120 km/h.</i>
5	Current Risk Assuming and Transferring structure (see following diagram)	<i>CCS endows an equalization reserve with the revenues (after taxes) coming from surcharges and investment returns. As the current level of this reserve is deemed enough (mainly to fulfill Solvency II requirements for the risks covered), CCS does not transfer risks to the reinsurance market currently (although there is no legal impediment to do so should circumstances suggest otherwise).</i>
6	Recent Loss events	<ul style="list-style-type: none"> • 19-24 Jan 2021: Windstorms Gaetan, Hortense and Ignacio (several areas in the peninsula and Balearics). Loss €39.7 M; 31,755 claims. • Jan 2021: Earthquake swarm (Granada). €15.4 M; 11,032 claims.

6	Recent Loss events	<ul style="list-style-type: none"> • 20 May 2022: Flood (Valencia). €10.75 M; 3, 999 claims. • 21 September 2022: Flood (Catalonia). €15.87 M; 2,391 claims. • 10 November 2022: Flood (Valencia). Loss €25.76 M; 4,354 claims. • 6 July 2023: Flood (Zaragoza and La Rioja). €79.4 M; 3,310 claims. • 3-4 September 2023: Flood (Toledo and Madrid). €172.3 M; 20,055 claims. • November 2023: Windstorms Ciaran and Domingo (widespread). €18.9 M; 22,184 claims.
7	Latest take-up rate (Penetration rate)	<p>By Dec 31, 2023 CCS covered 140.0 million policies (62.6M from property damage; 59.3M from personal injury and 18.1 M from business interruption).</p> <p>The take-up rate for residential properties is about 75%.</p>
8	Current Accumulate reserves (fund)	The current level of the equalization reserve for the Extraordinary Risk Scheme is around €9.9 bn ≈ \$11.05 bn.
9	Website/ annual report Linkage	https://bit.ly/3mAQs0r (in Spanish only).
10	Others	https://bit.ly/2CXSq6D (Summary of the Activity 2023). http://bit.ly/2tKhRhm (Extended information on the characteristics of the Extraordinary Risk Scheme and the CCS, in English).

Current Risk Assuming and Transferring structure (diagram)

The Extraordinary Risk Coverage System

