

Natural Catastrophes Insurance Cover

Individual System Summary Updates

As of **[August 12th 2025]**

1	The name of the Cover	<i>The Insurance Pool against Natural Disasters (PAID) Romania</i>
2	Cover Purchase / Distribution Channels	<i>Mandatory by law for all residential households/ Facultative insurance company authorized by ASF to sell HH coverage, insurance brokers and online</i>
3	Coverage (incl. perils, sum insured & premium etc.)	<p><i>1. PAD is a compulsory policy for residential buildings (no content) covering 3 named perils only: earthquake, flood and landslide. The coverage is on first loss basis and includes also indirect losses caused by the above mentioned risks.</i></p> <p><i>2. Sum Insured is a fixed amount of RON 100,000 (type A) or RON 50,000 (type B) per dwelling, depending on the type of property, with generally the properties of more basic construction being covered by Type B policies.</i></p> <p><i>3. The annual insurance premium is a flat amount of RON 130 for type A and RON 50 for type B policies.</i></p> <p><i>Currently more than 90% of the policies in the portfolio are Type A policies.</i></p>
4	Claim Criteria / Loss Trigger	<p><i>The coverage is on first loss basis and there is no deductible.</i></p> <p><i>Once the insured residency is partially or totally affected by one of the insured risks and the insured makes the claim notification, based on the assessment and claim processing activities, PAID pays the corresponding claim amount.</i></p>
5	Current Risk Assuming and Transferring structure (see following diagram)	<p><i>1. PAID is protected by a reinsurance program up to EUR 1.4 bil in case of a catastrophic event, with a retention of EUR 17 mil in case of earthquake and EUR 11.5 mil for flood and landslide. If an event will consume the above mentioned limit, the capacity will be automatically reinstated to its full amount.</i></p> <p><i>2. In case the total losses payable for an event exceed the reinsurance capacity and PAID resources, according to the law, the Ministry of Finance is authorized to contract loans in order to cover the difference.</i></p> <p><i>PML is determined using international modelling tools (RMS, IF) where the replacement cost is used as input data and the PAD policy sum insured represents the limit.</i></p>

6	Recent Loss events	<i>The largest losses caused by recent events:</i> <ul style="list-style-type: none"> • 2023: EQ 5.4 Magnitude in Gorj Area – around 6 mil EUR incurred losses. • 2024: Flood (Boris Event) - around 2.5 mil EUR incurred losses.
7	Latest take-up rate (Penetration rate)	24%.
8	Current Accumulate reserves (fund)	Catastrophe reserve: 203.92 mil RON (approx. 40 mil EUR).
9	Website/ annual report Linkage	https://www.paidromania.ro/reports-only-in-ro-except-transparency-report/
10	Others	

Current Risk Assuming and Transferring structure (diagram)

