

Commercial and individual lines (buildings and contents insurance)

Peril	Compulsory cover	Standard cover	Optional/ additional cover	Market penetration — commercial lines	Market penetration — individual lines ¹
Windstorm		✓		100%	100%
Hailstorm			✓	85%	75-100%
Lightning — direct hit			✓	85%	75-100%
Lightning — surge			✓	85%	75-100%
River flooding		✓		100%	100%
Overflow of stagnant waters		✓		100%	100%
Torrential rain			✓	85%	75-100%
Storm surge		✓		100%	100%
Earthquake		✓		100%	100%
Snow pressure			✓	85%	75-100%
Avalanche			✓	85%	75-100%
Frost			✓	85%	75-100%
Landslide ²		✓		100%	100 %
Subsidence		✓		100%	100%
Collapsing sinkhole			✓	85%	75-100%
Volcanic eruption		✓		100%	100%
Meteor strike		✓		100%	100%
Tsunami		✓		100%	100%

Tariffs, deductibles and risk prevention

The Consorcio de Compensación de Seguros (CCS)² covers a large proportion of natcat perils. The standard CCS cover can be extended, on a voluntary basis, to include property, life or personal accident insurance. Tariffs vary depending on the type and level of exposure. There are deductibles for property damage (7% of the damage) and business interruption (set in the individual policy), except for vehicles, houses and community centres.

Private insurers collect the premiums for the CCS and also provide direct cover for certain risks not covered by the CCS (direct effects of precipitation, including hail, frost, lightning, etc.). Tariffs and deductibles for these perils depend on the company and are therefore subject to competition.

The CCS works with various stakeholders, including insurers, on risk prevention.

As regards natcat risks for the agricultural, livestock, forestry and aquacultural sector, protection is available through the Agroseguro, which manages the Combined Agrarian Insurance system. This system covers damage caused by any natcat (including frost, droughts, and floods) to all agricultural production, including crops and animal livestock. Cover is voluntary and made available through a public-private co-insurance pool, currently involving 18 insurers.

Sales, underwriting and claims processes

Companies work together with the CCS in processing claims, assessing losses and paying compensation to policyholders. The amount paid out is later reimbursed to the companies by the CCS. In the wake of certain events (windstorm/atypical cyclonic storm), the CCS manages the claims-handling process to speed up compensation.

State intervention

The Spanish public-private partnership, managed by the CCS, is the oldest example of a natcat scheme. The system includes a state guarantee in case of catastrophic events exceeding the capacity of the CCS. To date, this has not been called on.

¹ Due to the characteristics of the Spanish market and the role of the CCS, the market penetration rate cannot be measured by risk, but depends on the type of private insurance product or business line.

² Landslide and subsidence are not covered, unless they occur simultaneously and are caused by rainfall that resulted in extraordinary flooding in a given area.