THE FRENCH EXPERIENCE IN THE MANAGEMENT 
AND COMPENSATION OF LARGE SCALE DISASTERS

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Powerpoint presentation
The French Experience in the management and compensation of large scale disasters

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Specific systems for uninsurable risks in France

- National Fund for Agricultural Disasters (1964 law)
- GAREAT pool for terrorism risks
- Natural Catastrophe scheme (1982 law)
1982 Nat Cat Scheme (1/2)

Four factors imposed by the State
- Declaration of the state of natural disaster
- Definition of the perils covered
- Deductibles
- Price of the cover
1982 Nat Cat Scheme (2/2)

Reinsurance at CCR

- Market reinsurance offer
- CCR’s reinsurer = State

State guarantee for exceptional cases (the Big One, a series of major events during one year)
In 1999, CCR called upon the State guarantee for the first time since the creation of the scheme
- Major events: Aude, Lothar et Martin
- Long tail subsidence losses since 1989
Solvability of the scheme is in question: need to reform the scheme
1999 Reform (1/2)

Three main points

• Check losses to subsidence
• Insure equitable contribution of each insured
• Financial measures to replenish reserves
1999 Reform (2/2)

Three main points

• **Check losses to subsidence**
  – Criteria for declaring an event
  – Specific deductible
  – Subsidence prevention plans

• **Insure equitable contribution of each insured**
  – Deductible sliding scale
  – Treaty premium base
  – Cyclone coverage dans les DOM

• **Financial measures to replenish reserves**
  – Rate raised from 9% to 12%
  – Reinsurance conditions
Conclusions

- A system in equilibrium
- Sustainability through reform and prevention
- State guarantee insures solvency