

Reform of the French Nat-Cat system : What is the situation ?



Aims of the reform (1)

To accelerate the compensation of the victims and to strengthen the transparency and the equity of the system with :

- A clear delimitation of the field of application of the regime and the publication of the notices of the interministerial committee (which will be maintained)
- A limited list of the perils covered in order to have a precise perimeter of the system
- Binding, by way of decree, of the thresholds from which the natural perils will be considered as having an abnormal intensity
- Officialization, at the legislative level, of the interministerial committee

Aims of the reform (2)

To incite to the responsible behavior as regards prevention :

- By creating, for local collectivities, and for professional risks, beyond a certain size, a modulation of the Nat-Cat additional premium (which will remain included between a minimum and a maximum) according to their exposure and to the implemented prevention measures.
- By hardening the granting of the cover for properties built in violation of the prevention or construction rules.

Aims of the reform (3)

To limit the risk of subsidence :

- In the clayey grounds, a preliminary study of the subsoil will systematically be requested.
- The legal regime will only indemnify the buildings of no more than ten years old. The buildings of less than ten years old will possibly be indemnified by the construction insurance
- For the buildings indemnified within the Nat-Cat system, only the damage to the structure will be covered. The legal regime will no more cover small cracks.

Reform ready in 2012 ?

- The project of reform was subjected to a public consultation in July and the results were globally positive.
- After some ultimate modifications, it should be examined by the French Parliament by the end of the year
- But, even if the project is adopted by the Parliament, the reform will only be in force after the decrees publication (especially those concerning the objective and public criterias for each peril).
- That means that the whole process will not be completed in 2011. **In France, we are used to say: the patience is the mother of all the virtues. So, continuation in the next episode !**

Thank you for your attention

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