



## **Overview of the natural risks management in Romania from the perspective of the mandatory home insurance against natural disasters**

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The development of infrastructure and residential areas from Romania, in the last decades, lead also to an expansion of the rural and urban areas. The result was that resulted in was the population concentration and their exposure to potential natural disasters. The highest sensitivity is often manifested among the persons that experience an intense impact of the disasters. The possible losses can affect not only the population but also the companies whose activity can be temporary interrupted. Moreover, there also can be repercussions upon the national budget, since there are cases that require release of funds from the Intervention Fund of the Government for infrastructure recovery and amounts allocated to affected population. Constructive actions that limit the impact in case of risk manifestation and also preventive consolidation actions for mitigating the impact of future events can lead to risk reduction to natural disasters. Furthermore, adaptation to climate change is also an important point in the actions of the authorities, including in terms of rapid recovery after a disaster through proper management of the consequences. Natural hazards are very common and diverse in Romania and are constant threats for the society. Therefore, insurance plays an important role in the relation between exposure to natural disasters and recovery after an event through the compensation of the insured, in the context of a continuous growth of the number of persons exposed to risks, many of them being also highly vulnerable due to socio-economic conditions. The insurance is a way of risk transfer, specific to the disaster risk management.

Generally, the degree of disasters insurance coverage varies from one country to another, being also influenced by factors like: specific national legislation and population risk awareness. The insurances policy against natural disasters is mandatory in Romania and it covers 3 major risks: earthquake, floods and landslides for a standard insured amount and a standard insurance premium with two options that depends on the construction material of the building. These policies are issued by PAID – Natural Disaster Insurance Pool developed after the association of many insurance companies according to the Law 260/2008 with further changes.

The purpose of the paper is to present and analyse: (1) if the territorial risk that documents the legislative context is relevant in relation to the exposure of the insured to the three risks mentioned above from their spatial distribution the point of view, (2) risk exposure factors used by the insurance companies in the pricing process, (3) statistic data regarding the coverage degree of the insured population at Romanian level and (4) another relevant aspects for the scientific undertaking such as the fact that Bucharest is the European capital with the highest earthquake risk exposure and all aspects that derive from this. All these aspects aim to create an overview of the management of Romanian territorial natural risks and of the cooperation between institutions with responsibilities regarding mandatory insurance against natural disasters.