

THE OCEAN

Policy in practice

INSURANCE PROGRAMMES CAN ENCOURAGE BETTER LAND-USE MANAGEMENT

Countries: [United Kingdom](#) | [United States](#)

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Sustainable cities and communities



Climate action



Life below water

Policy in practice

The implementation of land-use policies is often a local responsibility, but other levels of government have an important role in providing guidance and incentives for risk reduction. In a number of countries, public insurance and reinsurance schemes have been established to provide insurance coverage for flood damages (available for all properties or only residential or high-risk residential properties). In many countries, these schemes specifically include incentives, requirements or exclusions aimed at encouraging flood risk management at the local level.

In the United Kingdom, for example, the reinsurance coverage provided through Flood Re (which is meant to ensure the availability of affordable insurance for high-risk properties) is only available for developments constructed before 2009. This means that developers of more recent properties will need to ensure that the level of flood risk at individual properties is within the risk appetite of private insurers who may otherwise choose not to offer coverage in newly-built high-risk areas, putting at risk the possibility for homeowners to secure mortgage financing (which normally requires comprehensive property insurance coverage).

In the United States, insurance coverage through the public National Flood Insurance Program (NFIP) is only offered in communities that agree to implement a set of minimum NFIP floodplain development standards, including the use of flood maps in development planning, requirements for a base flood elevation and building standards to ensure that new buildings will be protected. In addition, a Community Rating System has been established to provide insurance premium discounts to households in communities that adopt recognised flood risk management practices (land-use planning and other risk-reduction measures) above the NFIP minimum requirements.

Source report

[OECD \(2019\), Responding to Rising Seas OECD Country Approaches to Tackling Coastal Risks , OECD Publishing, Paris, Box 2.7](#)

Insurance programmes can encourage better land-use management

Key policy message

Public insurance and reinsurance schemes can incentivise flood risk management at the local level.

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