



**GDV** German Insurance  
Association

# Prepare. Protect. Prosper.

Leveraging insurance expertise  
to boost Europe's societal resilience





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**German Insurance Association**  
**(Gesamtverband der Deutschen**  
**Versicherungswirtschaft e. V.)**  
Wilhelmstraße 43 / 43 G, 10117 Berlin  
Visitor entrance: Leipziger Straße 121  
P.O.Box 08 02 64, 10002 Berlin  
berlin@gdv.de

Rue du Champ de Mars 23  
B-1050 Brussels  
Phone: +32 2 282 47-30  
Fax: +49 30 2020-6140  
brussel@gdv.de

#### **Contact**

Florian Wimber  
Head of European and International Affairs  
Phone: +32 2 282 47-36  
f.wimber@gdv.de

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# Introduction

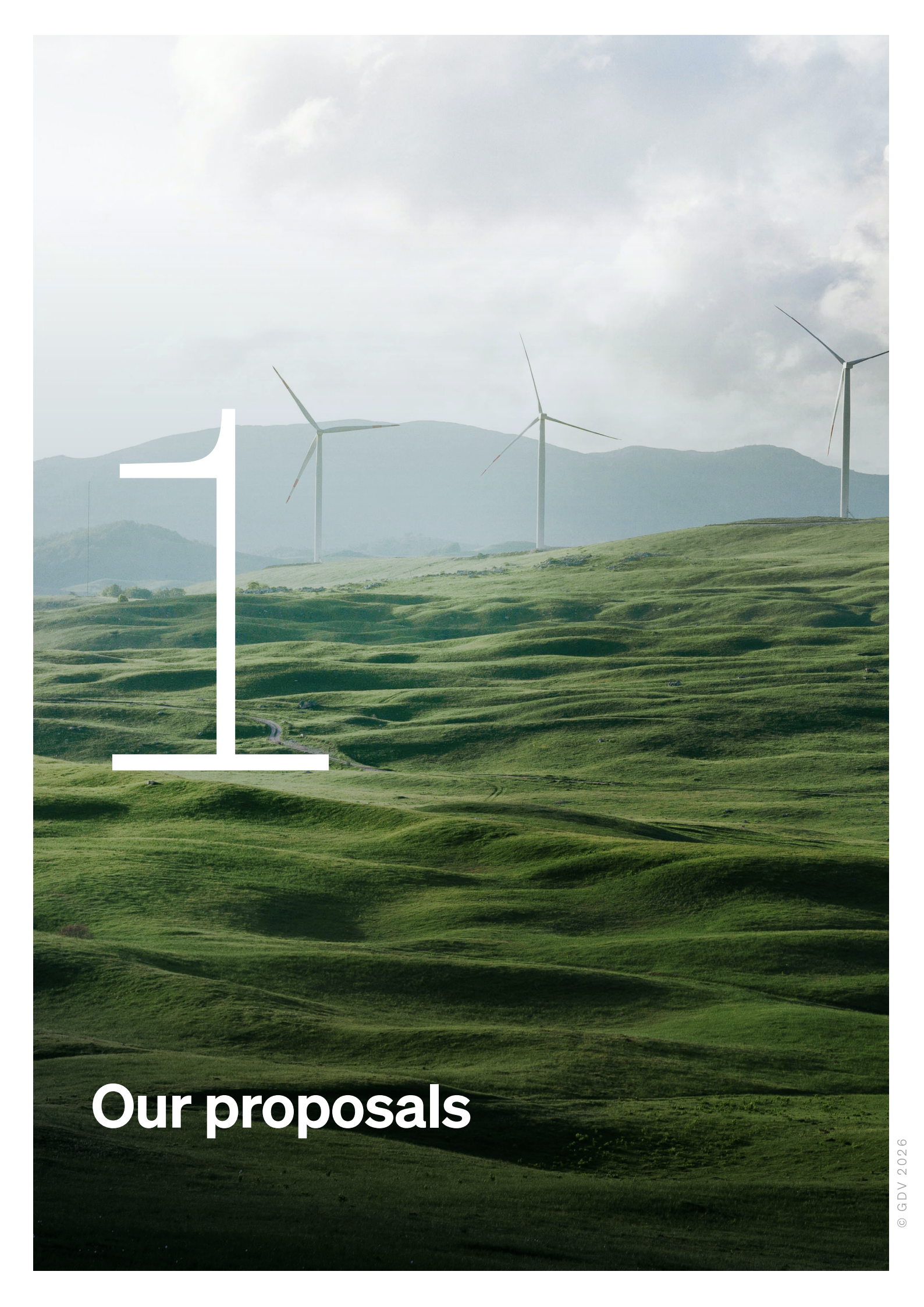
As the nature and scale of the risks we face are changing, Europe's ability to protect its citizens and safeguard their prosperity is being put to the test.

- Climate change is intensifying natural hazards,
- Digitalisation is increasing exposure to cyber risks,
- An ageing population is putting pressure on pension systems, and
- Geopolitical uncertainty is threatening global stability.

**Merely reacting to crises is no longer enough. Europe must build and maintain resilience beyond political cycles.** This requires the ability to predict emerging risks, prepare for shocks before they occur, and protect society through sustainable financial structures. Strengthening preparedness, climate resilience and intergenerational fairness will therefore be essential to safeguarding Europe's long-term prosperity and competitiveness.

Insurers share this mission. Understanding risk in order to prevent losses and limit their impact is our core business. At a time when Europe has lost leadership in other sectors, Germany remains home to some of the world's leading primary insurers and reinsurers. This leadership is a strategic asset for Europe's resilience as **no other sector combines risk expertise, financial shock absorption and long-term investment capacity at comparable scale.**

Through this paper, the insurance industry is inviting policymakers to leverage our expertise in a more systematic way. More broadly, we would like to contribute to Europe's long-term resilience by identifying where political bottlenecks persist and proposing ways to overcome them.

A large white number '1' is positioned on the left side of the image, partially overlapping the green hills. The background features a vast landscape of rolling green hills under a cloudy sky. Three wind turbines are visible on the horizon, and a winding road is seen in the lower part of the hills.

# 1

## Our proposals

## MOVE PREPAREDNESS FROM STRATEGY TO IMPLEMENTATION

The Niinistö Report shows that in 2022 alone, climate- and health-related crises caused economic losses exceeding €50 billion across the EU, while only 60% of EU Member States had comprehensive resilience plans, leaving populations vulnerable to climate shocks, pandemics, and hybrid threats. Despite the publication of the EU Preparedness Union strategy, **a gap remains between increasing risk awareness and lacking risk mitigation.**

To close this gap, the European Commission must shift from strategy to tangible action:

- Integrate the EU Preparedness Union strategy into sectoral resilience strategies with actionable guidance on risk prevention for all stakeholders.
- Make EU funding contingent on binding resilience criteria to ensure projects do not disregard systemic risks such as climate, health and hybrid threats.

## MAKE EUROPE CLIMATE RESILIENT

Climate change is the most visible and urgent test of Europe's resilience. Extreme weather events are becoming more frequent and severe with annual economic losses across the EU increasing from approximately €8.6 billion in the 1980s to over €40 billion between 2020 and 2024.

While insurers have the necessary financing tools through risk-based pricing and reinsurance arrangements, **Member States still fail to implement sufficient adaptation measures to address the impact of climate change.** Investments in climate adaptation could prevent up to €600 billion worth of damage by 2050 in Germany alone, as every euro invested in climate adaptation can prevent 3 to 5 euros in climate damage. Therefore, we urge the European Commission to:

- Support national insurance solutions against natural hazards based on risk-based pricing and public backstops only in extreme cases.
- Develop an EU-wide legal framework for mandatory natural hazard risk disclosure via national public hazard portals, providing authorities, investors and citizens with high-quality risk exposure data.
- Consider mandatory climate risk assessments, standardised natural hazard certificates and legal construction bans in flood-prone areas to ensure long-term housing affordability

## SECURE INTERGENERATIONAL FAIRNESS THROUGH PENSION REFORM

Resilience is not only about protecting citizens from external crises, but also about ensuring that current fiscal decisions do not add burden for future generations. Financially sustainable pension systems are central to this principle, as they determine whether demographic change strengthens or undermines long-term economic stability and the fiscal space needed to finance strategic resilience objectives.

Europe's demographics make this challenge increasingly urgent. According to the European Commission's 2024 Ageing Report, by 2080 fewer workers will finance more retirees, while average pension benefits are expected to decline significantly by 2070.

Addressing this requires a balanced multi-pillar approach. **While statutory pension systems remain essential, stronger capital-funded and occupational components are needed to enhance sustainability and predictability.** To ensure each generation finances its own future, the European Commission should therefore:

- Encourage national pension reforms that promote capital-funded pension schemes through the EU's Intergenerational Fairness Strategy to secure prosperity without burdening future generations.
- Ensure that the reform of the Pan European Personal Pension Product (PEPP) and rules on occupational pensions (IORP 2) create the right framework conditions to boost the uptake of supplementary pensions.



A cyclist wearing a blue helmet and a blue backpack is riding away on a paved road that curves through a hilly landscape. The hills are covered in dry, yellowish grass. In the background, there are more hills and a small body of water. The sky is a mix of blue and orange, suggesting sunset or sunrise. A large white number '2' is overlaid on the left side of the image.

# 2

## **How insurers support policymakers in building societal resilience**

## 1. REDUCING RISK THROUGH DATA, FORESIGHT AND PREVENTION

Rather than being external stakeholders in Europe's resilience agenda, insurers are operational partners in risk prevention. Using claims data, exposure modelling and scenario analysis, insurers continually seek to improve the suitability of products. By identifying high-risk flood zones, cyber vulnerabilities among SMEs, accident patterns and longevity trends, our expertise directly complements EU-level early warning systems, enabling public authorities to design effective prevention measures.

In addition, insurers are actively working to reduce the frequency and severity of losses by initiating prevention programmes aimed at reducing the risks faced by citizens and industries.

By reducing losses before they occur, the sector helps maintain long-term insurability, protect vulnerable communities and lower the social and fiscal costs of disasters, a core objective of the EU's climate resilience and preparedness agenda.

### Impact in practice

- **Climate resilience:** GDV-backed '[ZÜRS Geo](#)' service provides high-resolution flood and hazard maps covering almost all of Germany's buildings. In cooperation with their insurers, municipalities can use these maps for land use planning and to protect public buildings.
- **Climate resilience:** [GDV's natural hazard report](#) provides policymakers, researchers and the public with extensive data to support their work. The report also highlights how risk-based building standards and local prevention measures can reduce losses by double-digit percentages over a building's lifetime.
- **Cyber resilience:** As cyber incidents have become one of the fastest-growing causes of business interruption for SMEs, GDV has launched the [CyberSicher initiative](#). The initiative aims to improve SMEs' awareness of their cyber risk and provide them with guidance on available protection.
- **Road safety:** The [German Insurers Accident Research \(UDV\)](#) uses data from the accident database of German insurers to analyse road safety risks across infrastructure, vehicles and driver behaviour. This research informs our successful prevention initiatives, such as feedback interventions designed to help older drivers reduce common driving errors and maintain their driving skills.

## 2. ABSORBING SHOCKS VIA RISK-SHARING AND REINSURANCE

When risks materialise despite prevention, insurance acts as a shock absorber for society. By allocating risks and delivering economic compensation when crisis occurs, insurers aim to prevent individual losses from escalating into systemic crises. In addition, reinsurers further strengthen systemic resilience by spreading peak risks globally and limiting the need for public intervention.

### Impact in practice

- In 2024, German insurers paid a record €12 billion in third-party motor liability claims, reflecting rising repair and spare parts costs (up 80% in the last ten years). To **preserve affordable mobility and while maintaining high safety standards**, we are working alongside manufacturers and repair workshops to improve repair standards, such as [the safe towing and handling of damaged electric vehicles](#).
- In 2024, German insurers paid over **€4 billion for weather-related damage** across residential buildings, industry, and agriculture; €1.6 billion stemmed from a single flood event (Southern Germany, June 2024).
- In 2025, the German insurance industry proposed a **national reinsurance mechanism** [Elementar Re](#) designed to secure broad coverage for natural hazards. Under this model, high-risk properties are grouped together, ensuring that premiums remain affordable while insurers maintain stable coverage through private reinsurance and reserve funds. The mechanism is intended to operate exclusively within an integrated framework, combining binding prevention measures, default insurance coverage with an opt-out option, and a clearly defined state stop-loss trigger for the most extreme catastrophic events.

### 3. LOOKING AHEAD: LONG-TERM PROTECTION AND INVESTMENTS

Beyond risk transfer, insurers play a structural role in shaping Europe's resilience through long-term financial solutions and investments.

By complementing statutory pension systems with supplementary pensions, long-term savings products, and financial education, insurers help secure predictable and adequate retirement incomes while reducing pressure on public budgets. This also strengthens intergenerational fairness by diversifying retirement income sources for older generations and safeguarding the fiscal space needed to finance other resilience priorities for younger generations, from climate adaptation to infrastructure development.

German insurers rank among Europe's largest institutional investors, managing approximately €1.9 trillion in assets and allocating €200 to 300 billion in new investments annually. Our large capital base and expertise in alternative assets such as infrastructure investments position us well to foster competitiveness and growth in Europe and to develop dual-use networks at a time when Europe needs to increase its resilience. Moreover, due to their long-term investing horizon and countercyclical behaviour they provide financial stability to capital markets in times of distress.

Deploying investments within public-private partnership models, complemented by targeted public risk-sharing instruments, simplified permitting procedures, and project sizes fit for institutional investors (e.g. over €50 million), are key for insurers to make a substantial contribution to Europe's long-term resilience.

#### Impact in practice

- In Germany alone, insurers manage over **80 million life insurance and pension contracts** with annual pension and annuity payouts exceed €100 billion, providing stable incomes for retirees.
- German insurers have already allocated more than **€300 billion in the real economy** and **more than €100 billion in infrastructure projects**, mainly in Europe. With their investments they provide alternative financing capacity to the economy.
- Up to date German insurers have invested **€184 billion in sustainable investments**, including over 1,500 renewable energy projects (solar and wind) generating 24 billion kWh of clean electricity, as well as major transport infrastructure modernisation projects, such as motorway widening or rail fleet modernisation.



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Wilhelmstraße 43 / 43 G, 10117 Berlin  
Visitor entrance: Leipziger Straße 121  
P.O.Box 08 02 64, 10002 Berlin  
[berlin@gdv.de](mailto:berlin@gdv.de)