

Boosting flood resilience in Italy through controlled flooding, community insurance and nature-based solutions

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INNOVATIONS FOR

NATURE-BASED SOLUTIONS

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Context/Background

- High flood risk in Italy, exacerbated by climate change. Currently very low insurance coverage.
- Recent legislation mandating climate coverage for businesses □ In the future similar requirement might be imposed to managing flood risk
- What we want to do is take a step in this direction and see how flood risk managers and insurance sector can join forces to reduce flood risk and increase resilience of Italian territories and communities
- We do this proposing a scheme that links controlled flooding, a community insurance policy and nature-based solutions
- Actors
 - Flood risk managers □ Water boards
 - Insurers and regulators



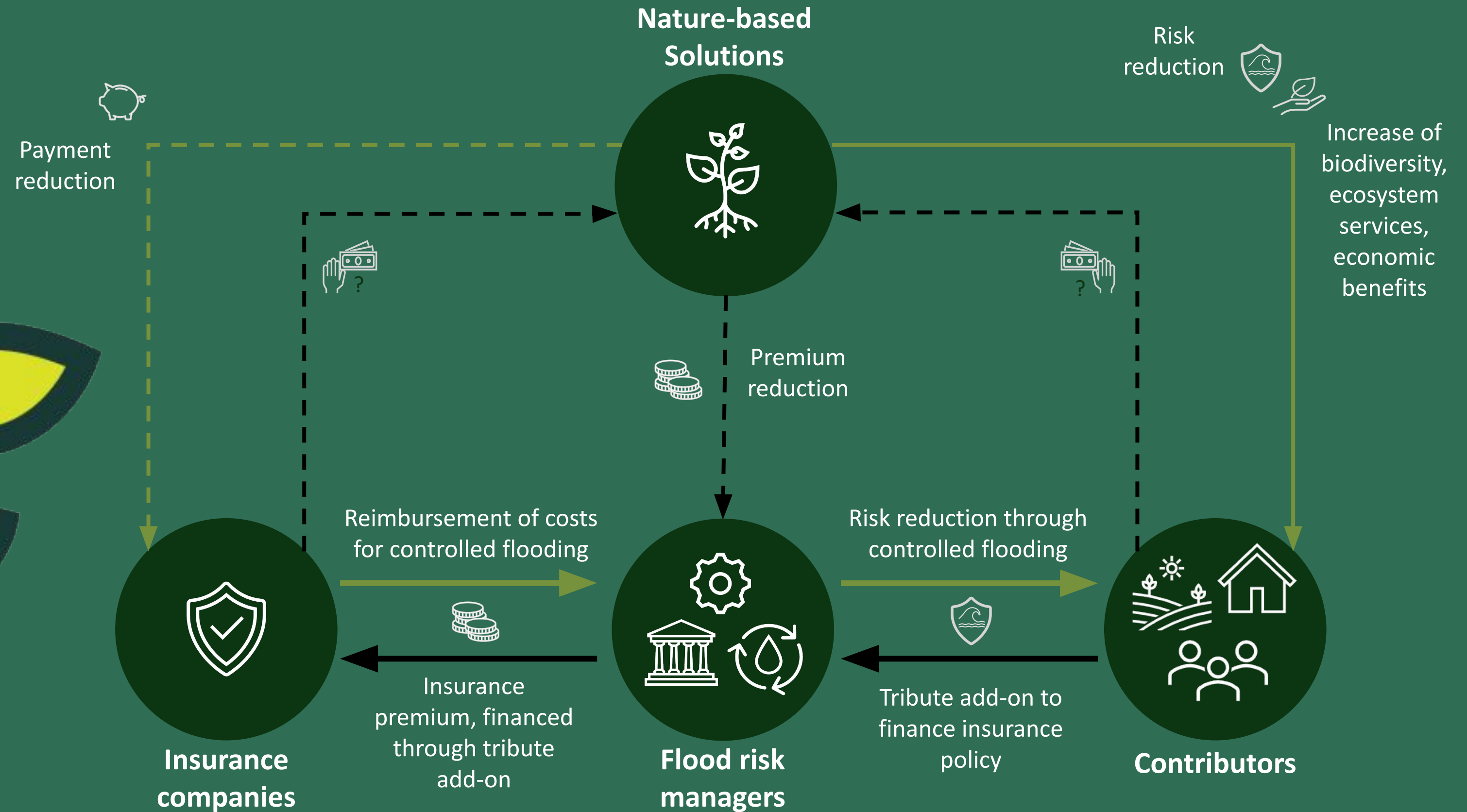
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The **collect tributes** from the communities they serve proportional to the benefit these derive based on a “piano di classifica”.

Preemptively flooding designated areas, typically rural/agricultural land, to **reduce the risk** of more severe uncontrolled flooding in more populated areas downstream.

The land subject to controlled flooding should be **(re-)converted to a more natural state**. This would further reduce flood impacts and provide wider co-benefits.

Our Proposal



Preliminary Results and Insights

- Flood risk management and controlled flooding are complex
 - Multiple actors need to be involved
 - Updates of normative frameworks and governance arrangements
- Technical aspects of the insurance policy require careful consideration to meet insurability criteria
 - Possibly set up a business interruption policy
 - Parametric product could work
- Principles of fairness and justice must be ensured
 - Compensation to landowners for controlled flooding
 - Tribute add-on should be financed mainly by downstream communities
- Raising awareness among contributors
 - Importance of the scheme for the whole society
 - Sources of financing to convert flooded land to NBS
- Challenges to quantify risk reduction potential of NBS to integrate them into insurance pricing models
 - Need for standardized frameworks to quantify and price benefits of NBS
- Benefits for insurers increase if downstream communities are insured with them
 - Could involve a reformulation of the scheme where water boards purchases coverage for contributors directly

Looking Ahead

- At least one more meeting with all stakeholders together
- Further investigate acceptance of the scheme across various levels
 - Flood risk managers to “buy into” it
 - Landowners to “accept” controlled flooding and NBS conversion
 - WTP of contributors
 - Appetite of insurance companies
- Explore means to finance NBS
- Explore potential governance and legislative changes that would be required