



BRIGHT IDEAS

Weathering the Storm: How Natural Disasters Are Reshaping French Insurance

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Quentin recently joined Sunlight to lead key initiatives in France. With a strong background in operations, strategy, and team leadership, he takes a data-driven approach to improving processes and driving innovation. His expertise in CRM systems and project management supports our growth in Europe.

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In 2024, natural disasters in France cost insurers €5 billion, driven by storms, flooding, and drought, making it the country's 9th costliest year. As claim frequency and repair costs rise, the growing severity of these events highlights the urgent need for stronger insurance models and prevention strategies.

The Rising Cost and Impact of Natural Disasters in France

France Assureurs has just released its latest report, revealing that natural disasters cost insurers €5 billion in 2024, compared to an average of €5.6 billion in recent years. Despite these high figures, the economic impact remains 0.17% of France's GDP, a ratio that has been steadily decreasing over the years.

For context, in the 1980s, the average annual cost of natural disasters was €1.5 billion, but this accounted for 0.25% of GDP at the time. This trend suggests that while the financial toll of climate-related events has risen, France's economic growth has outpaced these losses, helping to partially absorb their overall impact. However, with the increasing frequency and severity of extreme weather events, insurers must remain adaptable to manage growing risks effectively.

Most expensive event categories:

- Storms, hail, snow: €2.2 billion
- Flooding, drought: €2 billion
- Crop insurance: €0.8 billion

Notable events:

- Storms Kirk and Leslie, Cévenol and Mediterranean episodes: €785 million
- Cyclone Chido in December: €500 million
- Flooding in the Nord and Pas-de-Calais regions: €430 million

Yet beyond the numbers, the trend is clear: events are becoming more frequent, their management increasingly complex, and the number of related claims continues to rise.



Flooding after storm Kirk Oct. 10, 2024 (Via francetvinfo.fr)

The Growing Challenge: Why Insurance Must Evolve with Climate Risks

From a macroeconomic perspective, the cost of natural disasters remains manageable (0.17% of GDP in 2024, compared to 0.25% in the 1980s). Economic growth has largely absorbed this increase, and the overall cost alone does not justify the sharp rise in premiums and surcharges seen at the beginning of the year.

However, several other factors must also be considered:

- The frequency and intensity of local events are increasing, putting more pressure on insurance portfolios.
- The impact is often concentrated on specific regions or business lines (home, auto, agriculture), disrupting local technical balances.
- The cost of repairs—materials, labor, and reconstruction—has surged, regardless of the number of events.
- Reinsurers are also raising their rates, passing on costs to insurers and fueling a broader adjustment cycle.

Example of localized pressure: Record rainfall has caused a surge in water damage claims for homes: +12% on home insurance policies. Concerns are already emerging for summer 2025: waterlogged clay soils may shrink significantly in the event of a drought, causing additional damage.

This reality raises important questions about insurance models, prevention strategies, territorial resilience... and the capacity of systems to keep up. Events are increasing. Tools must evolve accordingly.

Consider Sunlight Solutions- A comprehensive platform to manage insurance end-to-end – from underwriting to claims settlement.

