



*COURTESY TRANSLATION
(only the Italian version is authentic)*

CONSUMER PROTECTION DIRECTORATE
MARKET CONDUCT SUPERVISION DIRECTORATE

Ref. to note n. of

Classification (iii) 2 1

Encl. no. | |

To the insurance undertakings pursuing non-life
business and having their head office in Italy
TO THEIR PREMISES

To the Italian branches of insurance undertakings
pursuing non-life business and having their head
office in a non-EEA country
TO THEIR PREMISES

To the insurance undertakings whose head
offices are located in another EEA Member State
pursuing non-life business in Italy under the
freedom of establishment or the freedom to
provide services
TO THEIR PREMISES

Subject: Extreme weather events and their impact on claims management. Planning of
medium/long-term actions.

|

As part of the systematic analysis conducted on the half-yearly reports submitted by
companies and the management of complaints received by IVASS, several corporate
situations were identified in which the increase in complaints in 2023 – which continued into
the first half of 2024 – was significantly affected by extreme natural events in some areas of
the country, with considerable impacts on claims settlement processes.

It is important to note in this regard that, although extreme natural events caused
damage to policies ancillary to motor liability insurance (land vehicles and hail) and home
insurance policies, the impact of the congestion in the settlement processes also extended
significantly to the handling of claims in other lines of business, particularly motor liability

insurance, for which there are strict deadlines set by law (Articles 148 and 149 of the CAP) and whose violation results in the imposition of pecuniary sanctions.

Based on this evidence and the observation that the frequency and severity of these phenomena are increasing, IVASS has implemented ad hoc measures targeting the companies concerned.

The information acquired, while highlighting a general commitment to strengthening and adapting claims settlement processes, has revealed a diverse picture. Some companies reported that they had implemented various contingency measures¹; others, in addition to these measures, developed medium/long-term action plans, characterized by flexibility and aimed at all those involved in the claims assessment and settlement process and the various actors in the insurance relationship, starting with customers and the distribution network.

Of particular interest, in line with the aim of encouraging a proactive, long-term view of phenomena and the planning of interventions, are the broader solutions identified by some companies. Among these, the following deserve particular attention:

- the definition of “natural events” protocols for greater efficiency and speed in the management of these claims, involving all actors in the process (customer, distribution network, loss adjusters, claims settlers)²;
- the signing of agreements with specialized companies to allow claims settlers to

¹ These include strengthening the channels for receiving claim reports, using external providers to collect paper reports and digitize them, routinely increasing the number of staff in the claims settlement department and, in particular, increasing the number of resources dedicated to managing claims relating to weather and/or catastrophic events; on an extraordinary basis, setting up task forces with external support; the strengthening of the network of loss adjuster and repairers, including through agreements with external providers; monitoring of the tasks assigned to loss adjusters, with reports on their fulfilment and performance; close monitoring of complaints; use of “Prompt Settlement” of claims of modest value, so that the loss adjuster - in the absence of evidence of fraud - can propose to the claim settler a rapid settlement of the claim, based solely on the assessment already carried out.

² The main areas include Prevention (raising customers’ awareness to adopt behaviours that mitigate the consequences of natural events); Activation logics (extension of the types of events covered in line with the evolution of events in recent years, thanks also to the structural use of new information sources and the greater capacity to use them); Management of claim reports (greater support and collaboration with agencies in order to increase the information set); Claims management (greater flexibility for loss adjusters and claims settlers to increase the resources available for claims handling, including with the support of specialised external services, and the activation of automated processes thanks to improvements in the data available).

access platforms with information on dangerous meteorological and hydrogeological events, enabling them to estimate the company's exposure in terms of number and value of claims and the resulting workload, before claim reports are received;

- the definition of emergency procedures³;
- the launch of awareness programmes on behaviours that can mitigate the impact of natural events; at the same time, the offer of products with a premium rate dedicated to natural events, supplemented by forward-looking indicators that take climate change into account and incentives for customers to adopt risk prevention measures;
- the implementation of specific procedures dedicated to hail claims, for the management of extraordinary call volumes and, in general, for more efficient services in the event of a possible significant weather event⁴;
- involvement of intermediaries in customer relations to raise awareness of the correct communication of information relating to the safety of damaged properties and the correct completion of claims reports.

The solutions described above can be considered a benchmark in the proactive approach to managing the insurance impact of losses caused by natural events.

In view of the above, IVASS expects companies operating in Italy in the non-life insurance sector to carefully review their claims management processes in relation to these events and to define modular and flexible prevention initiatives, to be submitted to senior management, in order to strengthen their resilience to operational, reputational, and legal risks in this regard as well.

³ Activation of a toll-free number, published on the company's home page, which policyholders can call for information and/or to report claims; involvement of all the company's reporting departments to ensure maximum speed in opening claims; tight deadlines for submitting a set of questions to the insured party to obtain information about the claim, a dedicated email address for a quick transmission of documentation; appointment of the loss adjuster responsible for the area, even in the absence of feedback from the insured party.

⁴ The establishment of facilitated channels for reporting and opening claims within 24 hours of receiving the call; the creation of networks specialising in hail damage repairs.

Starting with the half-yearly report on complaints received for the first half of 2025, the recipient undertakings shall provide specific evidence of the prevention initiatives adopted in their claims management processes and an analysis of the circumstances in which these initiatives may have been applied and their degree of effectiveness.

by delegation of the Joint Directorate

