








The October 2024 Floods

■ On 29 October 2024, the most severe catastrophic event in our country's recent history occurred, and certainly the most significant in the history of Spanish insurance. In this issue of our periodical, we will describe the response provided by this institution to the catastrophe and how each and every one of the players in the insurance sector – regulatory body, private insurers and Consorcio de Compensación de Seguros (CCS), brokers, loss adjusters and other essential service providers, such as IT support, customer service lines or other service companies – have played key roles in ensuring swift and efficient compensation for the damage caused by the floods triggered by the cut-off low (DANA in Spanish).

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Editorial

José Antonio Fernández de Pinto

Director General of Insurance and Pension Funds
President of Consorcio de Compensación de Seguros

On 29 October 2024, the most severe catastrophic event in our country's recent history occurred, and certainly the most significant in the history of Spanish insurance. In this issue of our periodical, we will describe the response provided by this institution to the catastrophe and how each and every one of the players in the insurance sector – regulatory body, private insurers and Consorcio de Compensación de Seguros (CCS), brokers, loss adjusters and other essential service providers, such as IT support, customer service lines or other service companies – have played key roles in ensuring swift and efficient compensation for the damage caused by the floods triggered by the cut-off low (DANA in Spanish).

From a regulatory standpoint, measures were quickly adopted, such as waiving the 7% deductible for businesses and industries with an annual turnover below €6 million, or other criteria that improved the market value of the tens of thousands of vehicles affected. Both measures benefit households and small and medium-sized enterprises, which were severely impacted by the flooding. The work carried out by the Ministry of Economy, Trade and Business, CCS and the rest of the insurance sector stands out at all times. The main result of this work was undoubtedly the Special Operating Procedure (POE for its initial in Spanish) signed at the Ministry on 13 November 2024, which has significantly accelerated the speed of the compensation process. The POE Monitoring Committee remains active and has demonstrated the capacity of the Spanish insurance sector, which is based on public-private partnership, to adapt quickly to events of this magnitude.

The managers of the main insurance companies involved in providing coverage for the floods caused by the cut-off low of late October and early November 2024 contribute to this issue of the magazine: the President of Unespa, Mirenchu del Valle; the President of Agroseguro, Ignacio Machetti; the President of the General Council of Insurance Brokers, Javier Barberá; the president of APCAS, professional association of insurance loss adjusters, Francisco de la Puente; and the General Director of CCS, Flavia Rodríguez-Ponga.

CCS adds further depth to the study with four additional contributions, including one from the Director of Operations, Celedonio Villamayor; one from the Expertise Area, signed by its Assistant Director Pablo López and his team; another



Perhaps the most general conclusion we can draw from this catastrophe and its management is that there is no other means as effective as insurance to ensure rapid economic recovery from damage.

one from the Assistant Director of the Technical Area and Reinsurance, Belén Soriano, who puts this loss event into its historical context; and a final contribution from the CCS Regional Office in the Region of Valencia, signed by its representative, Luis Delibes.

Perhaps the most general conclusion we can draw from this catastrophe and its management is that there is no other means as effective as insurance to ensure rapid economic recovery from damage. Spain has a mechanism that provides virtually universal coverage at an affordable price, offering coverage that in other neighbouring countries is optional and significantly more expensive. Furthermore, this mechanism has proven its financial solvency, even in the face of events whose cost is completely out of scale compared to previous records, and that public-private partnership fosters a climate of mutual trust that allows for agile and flexible responses. Another key takeaway concerns policyholders: it is important to be insured and to have adequate coverage and capital in policies for very high-impact events.

The Floods Caused by the Cut-off Low in October–November 2024: The Greatest Challenge in the History of Extraordinary Risk Insurance

Flavia Rodríguez-Ponga Salamanca

Directora General

Consortio de Compensación de Seguros

On the **morning of 29 October 2024**, as on every last Tuesday of the month, the Board of Directors of Consorcio de Compensación de Seguros (CCS) held its meeting. On this occasion, the **Assistant Director of Research and International Relations gave a technical presentation on atmospheric convection and its manifestations**: intense storms and other elements that facilitate them, such as cut-off lows (DANA in Spanish for the initials of *depresión aislada en niveles altos*). It was noted that at that time there was an active cut-off low over the eastern part of the Iberian Peninsula, which had already caused significant damage the previous day, mainly due to hail, affecting vehicles and greenhouse crops in the Province of Almería. The inclusion of this topic on the Board's agenda had been planned weeks earlier, as there had been an observed increase in the frequency of precipitation events capable of causing floods with severe damage.

Without going too far back in time, the flood that had resulted in the highest number of compensation claims until that day was caused by the **cut-off low of September 2019**, which severely affected the Vega Baja del Segura and the Mar Menor basin, between the Murcia and Alicante provinces. **Also in 2023**, there were very intense convective rainfall events, causing significant damage to the south of the city of Zaragoza in July and to Toledo and the southwest of Madrid in September.

On the night of 29 October, we watched in dismay – like all citizens of this country and the rest of the world – the drama unfolding across a large metropolitan area of Spain and other nearby regions. We quickly realised that the magnitude of the catastrophe was going to **be devastating**, as it sadly was in terms of loss of human life and material damage, **and the challenge its management would entail**.

On the **morning of 30 October**, CCS issued **its first briefing note**, expressing solidarity with all those affected, and indicating that the entity would cover flood damage to insured property and persons, reminding them of the



The floods of 29 October 2024, which particularly affected the province of Valencia, resulted in the largest loss event in the 71-year history of Consorcio de Compensación de Seguros. This article details all the measures the organization has had to adopt throughout this year to manage this loss event and provide an effective insurance response.

compensation criteria and the channels for submitting claims, and emphasising that there was no deadline for filing claims.

From that night onwards, this public entity has worked tirelessly to facilitate damage repair and enable affected individuals and businesses to recover as quickly as possible. This is **the purpose of Extraordinary Risk Insurance**: to make recovery possible even in dramatic, difficult and complex situations such as the one we were facing. We soon realised that this loss event would be unlike any other, even for an organisation that has had to deal with situations such as the Lorca earthquake in 2011, the 2019 cut-off low floods or the volcanic eruption in La Palma in 2021.



It was of utmost importance **to adopt urgent measures** to streamline the management of a loss event of the scale we were witnessing. To this end, we set up **a special Committee**, whose members were in contact almost all the time, without rest, to design the steps to be taken. Resources for assisting affected policyholders were strengthened. The **Direction of Systems and Information Technologies** increased the website's capacity to **handle compensation claims**, which during the management of the loss event multiplied six fold, expressly recommending that claims be submitted online, and also using **brokerage channels and insurance companies** to send claims electronically to CCS as quickly as possible, thereby speeding up processing. The CCS Call Centre was also reinforced, with the number of operators increasing tenfold. **CCS Regional Branch in the Region of Valencia** played a key role in providing personalised assistance to those affected, attending to them daily from the outset. We will return to this point later.

Much of the measures for managing the loss event – **organisation of appraisals, appraisal and compensation criteria** – are detailed in other articles in the magazine written by the **Direction of Operations**, which, together with its sub-directorates for Claim Handling, Appraisals and Organisation and Quality, as well as all regional branches, bore the brunt of the operational management of the loss event on behalf of CCS. Undoubtedly, the effort made by brokers and loss adjusters has been exceptional, and we acknowledge and appreciate it.

More than 250,000 flood damage claims have been **received and processed**, over two-thirds of which were received during the first two weeks following the occurrence of the devastating event.

Since the early hours of 30 October, CCS was not alone in its endeavour to provide a swift response to this dramatic situation. **The Directorate-General for Insurance and Pension Funds, whose head is also the CCS President, has led the management. The insurance sector as a whole, along with Unespa, brokers and loss adjusters** made themselves available to Consorcio to support, facilitate and streamline the management of a loss event that was expected to be enormous and complex. **The support of the Ministry of Economy, Trade and Business** has been unwavering throughout this year.

Another initial measure, given the extent of the damage, was to try to **define and estimate both the number of claims we would receive and their cost**. These tasks involved the **Sub-directorates for the Technical Area and Reinsurance, Research and International Relations and the Risk Management Direction**. It soon became clear that this loss event would be a management challenge rather than a financial one, since, fortunately, the entity had sufficient resources to meet compensation payments. I must say that this is not the result of chance, but of sound planning within the Extraordinary Risk Insurance, which has generated ample funds, and of the **Financial Direction's** prudent management of these resources over the years, enabling it to cope with loss events, even those as enormous and unprecedented in scale and cost as the one we are currently facing.

We also quickly realised that we would need **to add more personnel** to tackle this task. CCS increased its own appraisal force and claims handling staff thanks to the hiring of temporary personnel and the support of other CCS units, to whom we **express our gratitude for their professionalism and collaboration** throughout this year since that fateful day of 29 October 2024.

We were aware that **in extraordinary situations, extraordinary measures must be taken**. Another extremely important measure, as explained in other articles in this issue of the magazine, was to join forces with private insurance companies through the signing of **a Special Operating Procedure (POE, for its initials in Spanish)**, whereby insurance companies were able to assess and process part of their claims for vehicles, homes, residential complexes, shops, premises, offices and industries, so that once the claims assigned to them were processed, **they were sent to CCS for payment** to the affected parties. **Thirty-eight insurance companies** joined the procedure, contributing manpower for the assessment and handling **of 116,000 claims**, which was crucial in speeding up the compensation process, and we thank them for their exceptional work. To reach the total of 250,000 opened claims, **134,000 claims have been handled by CCS's internal resources, which, as of 29 October 2024, comprised 292 people**.

Efforts have also been made by other areas within Consorcio. The **Sub-directorate for Human Resources, part of the General Secretariat**, undertook the task of redistributing part of the workforce that had some availability to support claim handling work, such as volunteer personnel from the **Direction of Winding-up and Recovery of Insurance Companies**. The **General Services Department** was also reinforced, as it had to handle calls, emails and face-to-face customer service far beyond its usual activity. In addition, recruitment processes were expedited to add more personnel to the DANA handling, particularly through the hiring of **113 temporary employees**, at different times, who joined departments such as the Direction of Operations, both at headquarters and in regional branches – since all of them were involved in managing DANA claims – , the Policyholder Service or the **Internal Audit Service**.

In-person customer service was also strengthened at the **CCS Regional Branch in the Region of Valencia**. Although all procedures for claiming compensation can be carried out online, for months CCS office in Valencia has assisting dozens of people every day who came in person to submit their claims and seek personalised support to obtain some information amidst so much devastation. **We extend our deepest gratitude to the 14 staff members** – 10 permanent and 4 temporary – at the Valencia office for their dedication, hard work and professionalism, providing **support to so many people** who came and continue to come to the office seeking help to overcome this terrible situation as quickly as possible. During this time, they have received **21,000 visits**.

Communication has also been a crucial aspect. In addition to that first briefing note of 30 October 2024, we have issued another 24 **briefing notes**, as well as 5 **management notes** outlining key criteria related to this loss event. All notes, published both in Spanish and English, have been made available to facilitate understanding for affected foreigners and to address requests for information on the scope and management of this globally significant catastrophe by our entity. Numerous requests for information from national and international media outlets – press, radio and television – have been handled. Social media engagement has been continuous. A document with **frequently asked questions and answers** was posted on CCS website and also disseminated via social media, with the aim of proactively clarifying doubts and facilitating access to information.

The **Policyholder Service** has seen its usual workload multiplied in this loss event, which, in terms of the number of claims alone, is equivalent to **ten years** of CCS work. Not to mention that, in 2024 and 2025, other loss events continued to occur, fortunately much smaller, which also had to be dealt with.

Sometimes, in the descriptive effort to explain what has been done, I may risk omitting units and departments. It is not my intention to omit anyone. The truth is that all CCS staff, from **its 13 regional offices and its headquarters**, has been fully committed to managing this loss event, beyond their ordinary duties, with a drive that has been sustained over time. I would like to take this opportunity to **reiterate my gratitude to each and every member of CCS for their exemplary behaviour and commitment, which has helped to speed up the payment of compensation to policyholders.**

A few figures suffice to understand the scope of compensation: In one year, CCS has paid an amount equivalent to that paid in the last 12 years, and has held 137 Board of Directors meetings to date.

We have seen that, when a catastrophe devastates entire neighbourhoods, **it is essential to maintain the composure needed to organise the work** and ensure that relief and recovery – in our case through compensation for insured property and people – reach all those in need as quickly as possible, which are many and simultaneous. From the deterioration of the most basic and everyday living conditions to the severe impact on the productive sector, when needs are so great, every action we took to remedy the situation became a **necessary accelerator in claims handling**; and so we did, approving **measures to speed up the payment process** in the Board of Directors.

Insurance is a reliable means, as it establishes **a contract** between the policyholder and the insurance company – in our case CCS – for compensation for damage. There is no other means like insurance that guarantees economic compensation for damage **more quickly**, favouring recovery. However, there are steps to ensure fairness in compensating for this damage that must be followed, involving verification of the insurance policy and its conditions and the assessment of damage. When there are so many needs to cover, so many tens of thousands of claims, and so many difficulties in the work, we must be aware that there are minimum timeframes in claim management that cannot be shortened. Such is the case with certain procedures, such as accessing affected properties or locating certain assets like vehicles swept away by the flood, which, despite all the measures adopted and the personal involvement of thousands of professionals, are tasks that require time to complete.

CCS – together with the insurance sector as a whole – has managed this loss event in a way that, when compared with similar catastrophes in other developed countries around us, has been **extremely swift and efficient**. We reached 50% of claims handled by mid-January 2025, 75% in the first week of March 2025 and 90% by mid-April 2025. On the first anniversary of the catastrophe, we had processed 98% of the claims received, and as of **10 December 2025 we have processed 98.4% of compensation claims**. Even after a year, we continue to receive new compensation claims every day.

In economic terms, CCS has paid out **nearly €4.1 billion** at the time of this writing. These figures demonstrate the commitment of Spanish insurance, and of CCS in particular, highlighting **the validity of the system that provides universal coverage at an affordable price** (for residential properties, the cost of coverage is €7 per year for every €100,000 of insured capital) and that is capable of responding to extraordinary hydro meteorological and geological events of global scope, such as the floods caused by the cut-off low in late October and early November 2024.

This scheme, which was already attracting global attention in a context of increasing damage resulting from both climate change and growing exposure in all countries, has seen **renewed interest from all over the world** with the management of this severe loss event.

Things will never be the same after 29 October 2024. They will not be for the victims and their families, or for all those who have gone through this harsh and traumatic experience. Nor will they be for all of us who, in one way or another, **have been involved** in dealing with its consequences.

CCS has fully entered the management of billion-euro events. Many of the solutions adopted for managing this flood will, I am convinced, translate into **new management criteria**, as happened with the management of wind damage after Storm Klaus in 2009 or with appraisal criteria when there are so many total losses as in the geological risks of Lorca or La Palma. Many of the criteria and procedures adopted will be incorporated into CCS and the entire network of actors involved in Extraordinary Risk Insurance.

I would like to mention **two milestones** that have taken place at CCS in the year since October 2024: **the 70th anniversary** of the entity's founding; and the end of 2025, a year in which a new **Three-Year Action Plan for the period 2026–2028** must be prepared. The management of high-impact loss events, which was already included in the previous Three-Year Action Plan 2023–2025, is seeing its relevance and attention increase, and we propose that it be developed much more extensively, taking advantage of the lessons learned from this challenging year we have had to face professionally.

With the memory of the **238 people who lost their lives** (230 in the Region of Valencia only), their families and all those affected, I hope I have explained how we have sought to fulfil **our mission of providing economic resilience** after such a tragic catastrophe. If anything has become clear, it is that having insurance is absolutely essential.

Takeaways for the Insurance Sector from the Valencia Floods

Mirenchu del Valle Schaan

President of UNESPA [Spain's Insurers Association]

Something changed in the Valencia Region on 29 October 2024. This is a region that is used to the flooding caused by torrential rains that come in autumn but do not usually disrupt daily life. But that day was entirely different. A DANA, from the Spanish abbreviation for a closed upper level low or a cut-off low storm system, dropped more than 770 litres per square metre in just 24 hours. To put this in perspective, this is the volume of precipitation that falls on the province of Valencia in 19 months.

What happened in Valencia a year ago has seen its like only a very few times in Spain. Personal injury and property damage from other recent natural phenomena like the Lorca (Murcia) earthquake in 2011, the volcanic eruption on La Palma in 2021, or the flash flood that washed away a campsite in Biescas (Huesca) in 1996 were much lower. Not even the Bilbao Floods in the summer of 1983, the largest recent natural disaster up to that time, was comparable. What took place in Valencia was on a completely different scale. Right from the start, we in the insurance industry knew that we were up against the worst natural catastrophe in recent history in our country.



In normal circumstances CCS covers losses from extraordinary risks using the resources it has at its disposal. With over 70 years behind it, CCS has dealt with major crises. But what happened in Valencia was an entirely different occurrence. The intensity, the swiftness, and above all the volume of the losses outpaced all projections.

The three pillars of the insurance system

Spain's insurance model uses a system of public-private partnership that provides a solid basis for tackling climate risk. This model rests on three quite well-defined pillars: insurers, Agroseguro, and Consorcio de Compensación de Seguros (CCS).

Private insurers cover personal injuries and property damage suffered by insured parties due to rain, winds under 120 km/h, hail, snow, and wildfires both from natural causes and by arson.

Farm and agricultural risks are a second pillar. This is where Agroseguro comes in. It is a pool of 16 insurers who have joined together to offer coverage for crops and livestock against a wide range of weather events, from draughts to floods. This pillar involves various types of public-private partnership. First, CCS acts as a reinsurer and co-insurer for Multi-Peril Agricultural Insurance in Spain, and second, through subsidies government authorities encourage producers to take out insurance coverage for a series of crops. Government assistance can sometimes cover as much as 50% of the cost of insurance.

At the same time, CCS is the public entity tasked with paying compensations for personal injuries and property damage caused by floods, winds faster than 120 km/h, coastal flooding, earthquakes, and volcanic eruptions. All these extreme natural phenomena are classified under the umbrella term of “extraordinary risks”.

CCS is funded by a surcharge on all personal injury and property damage policies and life and accident insurance policies issued in Spain, entitling all insured parties, from homeowners to big companies, to compensation for losses after any of the events set out above. Anyone that has taken out private insurance coverage also enjoys coverage against extraordinary risks. Entitlement to compensation is not dependent on a decision by any government authority.

The system is based on an overarching principle of solidarity, namely, mutualisation of risk. Everyone who takes out insurance in Spain pays in a little so that when the time comes, no-one is left to face tragedy alone. Thanks to this, CCS has sufficient resources to deal with huge catastrophes like the one in Valencia.

Another salient feature of the system is that all risks are treated exactly the same. That is, the surcharge paid by someone who lives in an area prone to flooding, like southeast Spain, is the same as the surcharge paid by someone who lives in an area that is not. The amount of the surcharge varies with the total sum insured under each policy, not with risk location.

A protocol designed to achieve a coordinated response

In normal circumstances CCS covers losses from extraordinary risks using the resources it has at its disposal. With over 70 years behind it, CCS has dealt with major crises. But what happened in Valencia was an entirely different occurrence. The intensity, the swiftness, and above all the volume of the losses outpaced all projections.

The main thing in these cases is to be able to cope with the massive volume of losses without delay. The flooding resulted in 250,000 claims. Taking the average annual number of claims over the previous 10 years, that volume of claims equalled four years of work by CCS, and this is where the insurance industry stepped forward.

To meet that challenge, Spain’s Ministry of Economy, Trade, and Business entered into an historic agreement with UNESPA on 13 November 2024. It arranged for a Special Operating Procedure (POE, for its initials in Spanish) in which 38 insurance entities, which together accounted for 98% of the insurance market in Valencia, would assist CCS in processing the claims to help expedite payment of compensation. CCS would still be responsible for paying the claims, but processing a portion of the claims from the losses that had occurred in Valencia was farmed out to insurers. At the same time, CCS directly took charge of handling the claims from other areas like Almería, Cuenca, and Castellón.

The result was an unprecedented level of mobilisation. A force of over 8,000 staff set to work in the field and remotely, coordinating efforts and keeping the support network up and running non-stop. They included claims processors, who carefully completed and continuously oversaw the file for each claim; claims adjusters, who prepared precise assessments of the losses; telephone help line operators, who took note of requests from insured parties and answered the most pressing questions; and more than 1,000 insurance mediators, who provided ongoing, personalised liaison between the system and the insured.

A procedural and technical challenge

The protocol set up a legal framework for cooperation between the insurers and CCS. Even so, this structure required developing an IT framework and procedures for implementing coordination between approximately forty insurers and CCS.

A computerised platform capable of handling tens of thousands of claims had to be developed in just a fortnight, with no time for start-up testing. The IT tool was built on an already existing software application for handling wind storm losses and rushed into operation. The system was tested in real time and tweaked on the basis of actual practice, cooperation between the parties, and unswerving commitment. Meetings went on around the clock, day in and day out. Many stretched on into the small hours of the night and over the weekends. This was what was called for in the circumstances. The citizens of Valencia and other parts of southeast Spain who were affected by the floods were in need.

The challenge was not just to create technology corridors for information transfer between the insurers and CCS. Loss assessment criteria and procedures had to be adapted, because the insurers were acting on behalf of CCS.

The Valencia Floods in figures

The size of the disaster is shown both by the number of claims and the estimated economic impact. The 250,000 claims involving both personal injuries and property damage ensuing from the Valencia Flood bear clear witness to the magnitude of the problem that was confronting the inhabitants of the Huerta Sur district in Valencia. Based on CCS data, the estimated cost has reached 4,800 million euros, a staggering amount that attests to the enormous size of the event and the pressure it put on the system of compensations.

The scale of the damage to all the sectors that were impacted can be readily seen from the following breakdown:

- 82,000 claims from homeowners and housing complexes.
- 144,000 automobile-related claims.
- 21,000 claims by businesses, offices, and industrial plant.
- 74 claims for damage to public infrastructure.

Nearly 50% of the claims submitted were processed for CCS by insurance entities. In all, they handled 116,000 claims totalling payouts of 1,250 million euros in compensation. The insurers mainly took charge of processing claims arising from the consumer insurance line. More specifically, private insurers took charge of 58% of the automobile insurance claims, 39.5% of home insurance claims, and 18.5% of claims from businesses.

That let CCS concentrate on processing more complicated claims like structural damage to residential buildings or business interruption in the industrial sector. This joint action made it possible to cut response times and offer the insured faster settlements and is a clear example of effective cooperation. This approach made a difference and showcases the ongoing development and improvement of Spain's insurance system.

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Closing the protection gap

The other major takeaway we need to draw from the Valencia Floods is that, despite the high insurance coverage rate in the Province of Valencia (75% of homes and 100% of vehicles), not everyone was protected.

The collective efforts and solid response system notwithstanding, many of the people affected by the floods did not have insurance that would help them start over. So, there are families that, after losing everything, were forced to rely solely on assistance provided by the central or regional governments.

When insurance is taken out, it helps get things back to normal. This was also shown by the El Campanar fire that took place barely six months ahead of the Valencia Floods. An entire block of flats went up in flames, but rebuilding has been started, made possible thanks to the complex's insurance policy and the policies taken out by the respective owners of the units.

Our challenge is to ensure that all homes, businesses, and industrial plant in Spain are insured. This is not just a matter of protecting material property: it is a matter of protecting people's plans for their futures.

The lack of insurance is not the only challenge that needs to be met. Coverage also needs to be adequate. That is, underinsurance must be avoided. Either because a person does not have broad enough coverage (consider, for instance, the importance of business interruption covers for businesses in circumstances like those caused by the Valencia Floods) or because the sums insured are insufficient. Just having insurance is not enough; the coverage of that insurance must be enough, too.

This means that we have to foster a culture of responsible insurance coverage and enhanced risk awareness. The sums insured need to be commensurate with the value of the property insured, and policyholders must also conscientiously engage in prevention.

Conclusions

Extreme weather phenomena are more and more frequent, intense and are affecting larger and larger areas. We live in an age when weather perils have become a harsh reality. That is our life today: precarious and vulnerable.

This is where insurance comes into play as a mechanism that brings stability to society as a whole and ensures that the progress that has been made will not be lost, one that becomes particularly prominent in extreme situations.

Prevention, awareness, and public-private partnership are essential to anticipate risks, minimise the impact of natural phenomena, and speed up recovery. If we have learned anything from the Valencia Floods, it is that in unsettled times, insurance is the only thing that can promise continuity.

Multi-peril Agricultural Insurance: Experience and Commitment

Ignacio Machetti Bermejo

Executive President of Agroseguro

Year after year, extreme weather, geological, and political and social events highlight the vulnerability faced by people and property in today's society. A year has just gone by since one particular event, this one a weather event. I am, of course, talking about the floods that devastated part of the Mediterranean coast of Spain on 29 October 2024.

This article focuses on the storm's effects on the crop and livestock raising industry and on the response by the insurance sector, but to provide some context, it should be emphasised that the storm mainly impacted urban areas.

It is common knowledge that Spain as a country has certain exceptional public-private partnership-based insurance mechanisms for tackling extraordinary events that have garnered international acclaim. One is the system for covering *Extraordinary Risks* operated by Consorcio de Compensación de Seguros, in the sphere of personal and general insurance other than crop and livestock production, one of that entity's many tasks. The other is the *Multi-peril Agricultural Insurance* scheme, consisting of co-insurance provided by insurance entities grouped together under the umbrella of Agroseguro, also supported by Consorcio's acting as reinsurer.

Both systems had to be activated in the wake of the Valencia Floods, but Consorcio obviously has borne the brunt of dealing with the most severe extraordinary event in its history, both in the number of claims and in economic terms, no less than between 5 and 10 times greater than the levels recorded for such earlier events as the floods in the Basque Country in August 1983, the Cyclone *Klaus* in January 2009, or the Lorca (Murcia) earthquake of May 2011. And the most important and most regrettable aspect of this episode, the extremely large number of victims, surpassing the terror attack on 11 March 2004, which has required especially sensitive handling by Consorcio.



For many farmers the compensation paid out by Agroseguro was the first income they had had since the disaster.

In all, 10,000 crop and livestock farmers were affected, and compensations ultimately reached 60 million euros. That figure is a far cry from the personal injury, property damage, and business interruption losses Consorcio has had to deal with, but still it demonstrates the exceptional nature of that weather event in our case, which produced that level of losses in just a few hours.



Just one year later, apart from some loose ends still pending at the time of this writing, Consorcio has completed its share of the task, to the tune of nearly 5,000 million euros. As in earlier cases, it has benefited from the invaluable cooperation of the entire insurance sector, but the fact is that Consorcio has outdone itself and has demonstrated two things: one, that it is extremely effective and that its existence is an absolute necessity; and two, the need to amass reserves has shown itself to be fully justified, and indeed there is no guarantee that the reserves will be enough. Therefore, my express recognition and wholehearted congratulations go out to Consorcio and its leaders, something I say with pride, because I too was once a part of that organisation.

That being said, the Valencia Floods also hit the countryside very hard. The multi-peril agricultural insurance scheme has faced events that have resulted in higher losses and more claims, recent examples being the frosts in 2022 and the intense drought in 2023, but this case was the worst single storm in the scheme's long history. Torrential rains, hail, and hurricane-force winds are capable of wiping out the work of an entire year and of affecting thousands of crop and livestock farmers over large swathes of our country. And this is what happened in late October 2024 in the Region of Valencia and in Castile-La Mancha, though the initial effects of the cut-off low causing all this havoc had already been making themselves felt in the Province of Almería a few hours earlier.

A year later, remembering these events is still painful, but it is also crucial to reflect on the mechanisms set in motion by Agroseguro and the other participants in the multi-peril agricultural insurance scheme in the hours, days, and weeks that followed, to be able to draw on the experience and refine procedures so that the next time weather conditions put us in a similar, or worse, bind our response can be even more effective.



After operating for four and a half decades, the multi-peril agricultural insurance scheme obviously has faced many historical events – droughts, storms, frosts – and has considerable experience in handling massive losses under its belt, which enables Agroseguro to set loss adjustment and support for its insured in motion without delay. We learn something from each event, and we have to keep moving forward, because unfortunately the climate is constantly one-upping itself.

What are the main features of the October 2024 Valencia Floods, and what are its key management aspects? First and foremost, its scale. In human terms, that goes without saying, but also in economic and geographic terms. This weather event caused severe damage in various parts of the Iberian Peninsula, but in the Province of Valencia alone, the damage was spread over an extremely large area, with the wind, the heavy rainfall, and the hail impacting farms in a number of towns, many of them some distance from the areas where the most personal injuries and property damage occurred. Some 25,500 hectares of farmland were affected, and what is even more significant, more than 50,000 farms, all of which had to be appraised one by one as soon as possible with no loss of technical precision.

The second key issue was technology. From the day following the storm, new technologies and software implemented by Agroseguro in recent years enabled us to draw up a first approximate map of the areas that might have been affected and to start initial planning to deploy the loss adjusters that would be needed. The experience and knowledge of the terrain and the regional structure of farming accumulated by the staff at our regional offices were also pivotal for this.



A third issue to be mentioned was communications, a key factor not only for expediting processing but also for helping to alleviate the havoc, the fear, and the uncertainty arising from the situation. As soon as we were informed of the severity of the damage that had occurred, we sent out messages to the regional governments of Valencia, Castile-La Mancha, and Andalusia; to the Ministry of Agriculture, Fisheries, and Food; and to industry representatives urging peace of mind in three respects: at the most fundamental level, all the damage from hail, rainfall, wind, or floods was covered by the multi-peril agricultural insurance scheme; that all claims for losses, would be processed irrespective of when they were filed, because we realised that it would not be feasible to reach all the holdings right away; and that the local network of loss adjusters, clearly inadequate in view of the scale of what had happened, would be reinforced so that all the farms affected could be visited. Naturally, we stayed permanently in touch with the 16 entities that were associated with us as co-insurers, to keep tabs on the circumstances of all the clients, both theirs and ours.

Over the following days press releases were issued, and we answered nearly a hundred inquiries from media outlets. Also, all contact channels were buttressed – telephone, email, and the website, where a special information section was opened. We were also in permanent contact with local farm organisations and cooperatives to gather and share information on the Valencia Floods' impact on the industry, and we explained the arrangements Agroseguro had made to be able to tackle the complicated task of appraising the damage as quickly as possible to the Department of Agriculture, Water, Livestock Farming, and Fisheries of the Regional Valencia Government and to the Regional Government Department Secretary himself at meetings held both online and in person.

Appraising the damage: 10,000 crop and livestock farmers affected

The circumstances required a certain amount of guesswork because of the tremendous difficulty entailed, early on, in determining the actual impact of the Valencia Floods and the possible scenarios we could be facing, even in the knowledge that the affected area was extremely large, which made it necessary to set up powerful yet flexible mechanisms, in particular in respect of deploying loss adjusters, something that in the interest of efficiency could not be done just like that.



Agroseguro set to work on speeding up procedures and on attaining the quality of service required. We concentrated our first efforts on assessing farms with crops that were ready for harvest as soon as possible in order to inject liquidity into the sector right away and to help farmers bring their undamaged produce to market. For instance, on the date of the event only a small portion of the persimmon crop in Valencia had already been harvested; most was still on the tree exposed to the high winds, rain, and hail. Fast appraisal of the damage by Agroseguro was extremely important, because persimmons are one of Valencia's main crops.

After the persimmon crop, attention shifted to appraising the damage on the other crops, namely, wine grapes, which had already been harvested, but the vines had been swept away by the surging floodwaters, vegetable crops, and plant, not to mention citrus fruit crops. Assessing the damage took until late March, when the last farms affected by the Valencia Floods brought in their harvests of the last of the late-season crop varieties.

Assessment of the damage began in the week of 4 November, and the first 10 million euros had been paid out by the 28th, barely a month after the storm. A very short time in view of the problems the affected parties encountered in preparing and submitting their claims and the difficulties we faced in starting the loss adjustment process, because at first many farms simply could not be reached, and even just travel was extremely complicated. For many farmers the compensation paid out by Agroseguro was the first income they had had since the disaster.

In all, 10,000 crop and livestock farmers were affected, and compensations ultimately reached 60 million euros. That figure is a far cry from the personal injury, property damage, and business interruption losses Consorcio has had to deal with, but still it demonstrates the exceptional nature of that weather event in our case, which produced that level of losses in just a few hours.

At the same time, we need to acknowledge, and appreciate, that the sector has recognised our efforts in respect of communication, processing, loss adjustment, and payment of compensation and that several of those facets have garnered very high approval ratings, not least the speed of our payouts.

Commitment by our loss adjusters



In addition to the thirty-odd loss adjusters ordinarily based in the Region of Valencia, more than a hundred others were sent in from all over mainland Spain and even the Canary Islands, and at the same time Agroseguro employees were seconded from their posts in Madrid, Catalonia, Aragón, and Castile-La Mancha to help coordinate the work. All this was done in extremely tough logistical conditions in the face of transport networks and communications channels that had been cut off. For that reason, we are grateful to the loss adjusters for their patience and commitment; they had to suffer through not only farms that were under water or smothered in mud but also traffic jams that were completely atypical for Valencia and many roads that had been damaged or made impassable. Many loss adjusters took it upon themselves to set up base in lodgings located in towns that were far away from Valencia proper but were near to the main affected areas, so that they could reach the farms faster and more easily. They sometimes had to appraise losses on farmland where there was practically nothing left, not a single plant or tree, or where mud had been piled up to considerable height. Beyond that, the loss adjusters even gave rides to the insured out to their farms, since many of them had lost their own vehicles to the storm. The loss adjusters heard them out, offered them sympathy, and put themselves out to provide our insured with the best possible service at a time that was filled with difficulties, emergencies, and emotions running high. It could almost be said that the technical issues connected with the appraisals were the least part of it, because as I have said, here at Agroseguro we have extensive experience in assessing damage caused by heavy storms and in complex, large-scale loss adjustment operations.

Royal Decree Law 7/2024

In addition to the insurance response itself, the Ministry of Agriculture, Fisheries, and Food tasked Agroseguro with identifying the farmers affected over the entire area impacted by the floods, both insured and uninsured, for inclusion in the Spanish [Royal Decree Law 7/2024](#), of 11 November, adopting urgent measures to promote the Immediate Response, Reconstruction and Relaunch Plan in response to the damage caused by the floods.



That Act specifically provided that the status of beneficiary was to be determined after “an assessment of the loss by the *Entidad Estatal de Seguros Agrarios* (ENESA) [Spain’s National Farm and Agricultural Insurance Agency] based on expert reports furnished by Agroseguro on both insured and uninsured farms and properties”.

At this point, it seems to me appropriate to point out that the government authorities in Spain have always defended the need for insurance and its usefulness and that they all use budget allocations to promote the purchase of insurance by subsidising a substantial part of the cost, that overall is almost 50%. For that reason, in normal circumstances public funds are not used for direct subsidies for insurable crops and livestock.

However, the circumstances in this case were not normal. The exceptional nature of what took place in October 2024 and its economic impact compelled the authorities to take exceptional measures for uninsured farmers, because they could not run the risk of compromising the recovery of a segment of the economy as important as the primary sector in Valencia. The impact of making special funds available to help insured and uninsured farms get back up and running had implications that went beyond crop and livestock farming *per se*; it also meant preserving the economic activities of businesses that supported the agriculture industry, dealerships, transport companies, shops, and the like. That is to say, recovery of the primary sector with the least possible disruption in the shortest possible time goes far beyond farming itself.

The work undertaken by Agroseguro in carrying out the tasks it was assigned under Spanish Royal Decree Law not only required deploying an outside call centre with more than 200 operators but also bringing to bear the experience and management skills of Agroseguro’s employees and sizeable technical support to be able to draw up the boundaries of the region that has been termed “ground zero”: the contiguous, unbroken areas consisting of municipalities that were able to prove severe damage amounting to more than 40% over the lion’s share of their farms. GIS tools were used for this, and the first field measurements were taken by two leading outside remote sensing companies (*AriSat* and *VisualNace*).

Some 40,000 potentially affected parties were contacted, and where appropriate appraisals in the field were assigned to professional loss adjusters. Thanks to their unceasing work and commitment, they were able to meet the very strict deadline set in the Spanish Royal Decree Law, and nearly all the work and the reports were completed just a very few weeks after the floods.

Conclusions and acknowledgements

The October 2024 flood was undoubtedly a highly singular event for the multi-peril agricultural insurance scheme, one that will serve as an example. First, because of the circumstances surrounding the damage that had been caused: its extent, the number of people affected, the time when it took place (at harvest time for some crops), and the problems connected with location, access, and mobility, all of which cast light on the need for suitable planning that combined urgency and efficiency.

Furthermore, because of the context, all response activities had to go hand in hand with special sensitivities – I myself saw how moved everyone who took part in this work was, in particular our local staff – , as a result, good communication, empathy, and compassion took on great importance and contributed to allaying the tremendous uncertainty that hovered over every aspect.

The same was true for the losses that were processed by Consorcio de Compensación de Seguros, but on a much larger scale. It was an exceptional and unprecedented event, and what is more, the person primarily responsible for dealing with the aftermath, CCS' Director of Operations, had been newly appointed. A true baptism of fire!

I am convinced that the responses of both institutions lived up to expectations, just like those of the insurance entities, insurance brokers, loss adjusters, and ultimately the insurance industry as a whole. And I am sure that, a year later, confidence in insurance has grown, and the experience will make us into even more of a bellwether for international observers.

The takeaway that can be drawn is that the key factors consisted of identifying and implementing suitable procedures for handling mass claims, including cooperation by the industry, and of listening and attending to the parties that had suffered losses with the utmost empathy and concern. Furthermore, the importance of taking coordinated action vis-à-vis the authorities and in our case the co-insurers should not be overlooked.

I would like to express our thanks to the managers and staff of our co-insurers and their sales networks for their work in the weeks after the Valencia Floods and also to our loss adjuster partners who came from all corners of Spain to appraise the damage. Special thanks to all Agroseguro's employees is in order, especially to our colleagues in our southeast Spain regional headquarters, who were impeccable in the performance of their duties after the tragedy.

Lastly, I would like to emphasise, on behalf of Agroseguro, that our hearts go out to all the parties who were affected by the cut-off low-induced floods, especially those who suffered irreparable loss.

Visibility of the Role of the Insurance Loss Adjuster

Francisco de la Puente Álvarez

President

Asociación de Peritos de Seguros y Comisarios de Averías (APCAS) [Association of Insurance Loss Adjusters and Average Adjusters]

I have been invited, as President of APCAS, by Consorcio de Compensación de Seguros to share in this magazine my perspective on the extraordinary loss event caused by the cut-off low-induced floods in Southeast Spain, which began on 29 October 2024 and, as of the publication date of this issue, marks one year since the event.

First and foremost, I wish to remember the deceased victims and extend my condolences to their families for the loss of their loved ones. I also want to acknowledge the non-fatal victims who suffered personal and material damage, whose way of life was deeply affected.

In the face of these extraordinary insured losses, Spain benefits from the permanent organisation and infrastructure of Consorcio de Compensación de Seguros, which, given the nature and extent of the damage, as well as the impact on people, homes, vehicles, industries, infrastructure and more, has played a pivotal role in providing insurance coverage for this catastrophe.

From the outset, APCAS made itself available to Consorcio de Compensación de Seguros, holding several meetings to offer ideas and solutions for such an extraordinary loss event, as well as with insurance companies through UNESPA, demonstrating our full willingness to collaborate.

APCAS also carried out internal procedures with its individual loss adjusters and associated firms to inform them of the situation, provide technical support, draw up a manual with risk prevention measures and, warn of the need for professionals to who would be required to deal with the significant volume of claims, among other actions.

Likewise, APCAS immediately contacted the entire insurance sector and society through the media and social networks to correct misinformation or confusing information that inevitably arises in times of chaos and to inform victims collectively and individually about the most appropriate measures to facilitate the management of their claims. Transparency and accurate information are key to avoiding confusion and ensuring that the recovery process is as efficient and swift as possible.

Throughout this year, APCAS has participated in various forums to collaborate in analysing the consequences and circumstances of the cut-off low and the handling of the resulting claims.



APCAS loss adjusters and partner firms have shown their ability to adapt to the extremely challenging circumstances presented by this event and have contributed the technical knowledge and infrastructure to deal with it, enabling Consorcio and insurers to fulfil their obligations to policyholders.

This severe loss event highlighted for society as a whole, and particularly for the insurance sector, **the importance of the insurance loss adjusters' role in such events, the real activity carried out by them — often unrecognized —, and especially the need for personal interaction with victims.** In those difficult moments, victims see only chaos and loss; **they need people who can provide knowledge and instil confidence, peace of mind, certainty and solutions to the serious problems they are facing.** It became clear that the work of insurance loss adjusters goes beyond mere technical functions, assessing and analysing damage thanks to their in-depth technical knowledge, impartiality and with ethical commitment. Their work also emphasise the need for the loss adjuster's personal presence, providing empathy, support to victims, understanding of each individual's situation, and offering necessary personal — even psychological — assistance in such circumstances, showing their willingness to serve those affected. APCAS associates have been perceived by victims as a helping hand, offering support and collaboration. The high ratings these professionals have received in satisfaction surveys conducted by Consorcio de Compensación de Seguros in other loss events confirm this fact.

APCAS loss adjusters and partner firms have shown their ability to adapt to the extremely challenging circumstances presented by this event and have contributed the technical knowledge and infrastructure to deal with it, enabling Consorcio and insurers to fulfil their obligations to policyholders.



All of this aims to achieve the ultimate goal of expertise: ensuring that fair, personalised and transparent decisions are made in the resolution of claims for the benefit of all parties involved, and to enable those affected to return to their pre-disaster situation as soon as possible.

The efforts made by APCAS insurance loss adjusters and their relocation outside their usual work area for several months must be taken into account. In addition to the challenge of handling the large volume of claims caused by the floods in such a short period, they had to redouble their efforts to continue handling the usual daily claims, as insured events continued to occur across Spain and all victims required attention and claim management by loss adjusters.

Now is the time for the whole insurance sector to speak about this work and service, and the Consorcio's invitation to contribute to this magazine is an example of that, helping to ensure that our work is more respected, recognised and valued by society.

Insurance loss adjusters are still today working on handling and resolving claims related to these floods, as Consorcio continues to receive compensation claims (1,240 in the last three months) and there remain 4,971 claims at various stages of damage assessment, including those presenting greater complexity, such as claims related to industry¹.

This episode has demonstrated that in major loss events with such catastrophic consequences, improvisation is not an option. Spain has an entity to handle extraordinary insured events — Consorcio de Compensación de Seguros — which allows for a prompt and coordinated response to foreseeable or routine claims. However, this system can understandably be overwhelmed in cases like this flood, a massive surge of claims concentrate in a very short period (more than 250,000 claims).

As experts in claim resolution, insurance loss adjusters ultimately want to contribute ideas and solutions

for a better response to catastrophic events in general, and specifically those of such high intensity, which we can summarise as follows:

- Now that the management of Valencia Floods-related claims is coming to an end, the entire insurance sector must engage in self-criticism and analysis of what was done well and what could have been done better. We must reflect on three clearly distinct phases: before the loss event, during its occurrence and after the catastrophe.
- We must collectively analyse claims caused by extraordinary risks and inform the various authorities to ensure proper prevention.
- Insurance loss adjusters have a significant potential role in prevention as regards losses caused by extraordinary risks, which should be recognised and contracted.
- Consorcio de Compensación de Seguros should be the coordination centre for managing catastrophic loss events on insured property.
- It is essential to establish new collaboration channels between public administrations and insurance companies (strengthening public-private partnerships for better resolution of catastrophic loss events).
- Continuous relationships must be established across the insurance sector to analyse catastrophic risks, as their frequency is expected to increase in the coming years.
- Protocols for handling severe insured loss events must be established, especially those involving high claim volumes concentrated in short periods, with participation from all stakeholders. Plans to handling claims cannot be drawn up without involving insurance loss adjusters, as their role cannot be improvised nor can other professionals perform insurance expertise functions, since they are unfamiliar with the specific tasks related to claims covered by Consorcio de Compensación de Seguros.
- These protocols should also assist public administrations in handling uninsured loss events in coordination with Consorcio, enabling clear delineation of different areas of action and expertise.
- Ongoing training must be provided for insurance loss adjusters on protocols for managing extraordinary risks claims involving Consorcio de Compensación de Seguros. This will ensure that loss adjusters who do not regularly work with Consorcio are familiar with its procedures, information requirements and its structure and operations, enabling them to collaborate when needed. APCAS offers, through its CEAPS training centre, to coordinate this training with for its members with Consorcio, and to extend it to other insurance sector entities. The goal is to raise awareness of the specific role of the insurance loss adjuster in extraordinary risks.
- Communication and digitalisation protocols must be established to allow insurance loss adjusters who do not regularly work with Consorcio to integrate easily with their own digital systems into the management of catastrophic loss events requiring additional resources, ensuring they can operate under the same conditions as Consorcio's loss adjusters.
- Catastrophic loss events require verifiable information channels for the media to reduce confusion that typically arises during such events.

¹ [24th CCS Briefing Note regarding the DANA of October 2024](#)

- Populations in high-risk areas must be educated on preventive measures to avoid personal losses and minimise material damage in catastrophic events, especially in areas where such events occur repeatedly.

Our final conclusion is that all of us involved in the insurance sector can and must do our part to improve assistance and solutions for insured extraordinary loss events.

Lessons from the October 2024 Floods

Javier Barberá Farré

President of Consejo General de Colegios de Mediadores de Seguros de España [General Council of Insurance Brokers Associations of Spain]

The cut-off low, commonly known as DANA in Spanish for the initials of *depresión aislada en niveles altos*, has become a recurring meteorological phenomenon in Spain and, in many cases, a devastating one. Its name, once confined to the specialised language of meteorology, is now part of everyday vocabulary. Each episode leaves behind material damage, economic losses and, above all, a sense of vulnerability among thousands of individuals and businesses whose lives are disrupted within hours. In these critical moments, the value of professional insurance brokerage emerges clearly — an essential link for understanding, channelling and resolving claims arising from these extreme events, whether they fall under the remit of Consorcio de Compensación de Seguros or private entities.

Spain has lived for decades with a complex climate whose effects have intensified with episodes such as the October 2024 cut-off low. Torrential rains, concentrated in short periods, cause flash floods, dry riverbeds overflowing, damage to homes, garages and premises, harm to vehicles and businesses paralysis. However, beyond the meteorological phenomenon — and without ever forgetting the deceased and all the victims — the main concern of those affected is how they will recover; whether their insurance covers them and who is responsible.

The Spanish insurance system for climate risks is guided by a scheme designed to be highly operational, based on two fundamental pillars:

The first is a clear distinction between ordinary risks, assumed by private insurers, and extraordinary risks, exhaustively listed in the Spanish insurance legislation and assumed by a public insurer called Consorcio de Compensación de Seguros.

The second pillar is the automatic nature of Consorcio's coverage: it deals with damage caused by extraordinary hazards listed in its Legal Statute and in the Regulations on Extraordinary Risks Insurance, automatically and immediately, without waiting for any official declaration of catastrophe, emergency or similar by the central Government, the Autonomous Region or a Local Council; no declaration from Consorcio itself is even required. If, for example, damage is caused by flooding or sea surge, volcanic eruption or earthquake, the system tells us that this



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is a matter for Consorcio — whether it is a severe event, a medium-impact event or a minor event due to the small number of people affected by the extraordinary hazard, the limited geographical scope or the low damage value.

In addition to high-impact situations, Consorcio also deals with frequent low or medium-impact events throughout the year. It does so not because these minor events cannot be handled by private insurers, but rather for the sake of clarity in a system based on the clear identification of hazards and the equally clear attribution of coverage to either the private insurer or the public Consorcio.

However the legal framework is one thing and practical reality is quite another, which inevitably introduces nuances, varied cases, and complexities that the legally conceived system cannot always address.

This is where the role of the insurance expert on the “front line” comes in: the Professional Insurance Broker.

Firstly, the scheme may be coherent and clear, but the affected policyholder, in the vast majority of cases, is not an expert in the matter and has no intention of becoming one. The group of brokers in the affected area must guide policyholders who have suffered damage, explain the content of their insurance contract, its limitations if any, and quickly direct them to the insurer (ordinary risk) or to Consorcio (extraordinary risks). The policyholder knows their insurer but usually has no clear idea of Consorcio or when to turn to one or the other.

Secondly, there is an additional difficulty: there is coverage for extraordinary risks which, by common sense, cannot be automatic or immediate: coverage for severe or extreme winds, which in our legislation are called Atypical Cyclonic Storm.

In these wind-related situations, the broker's role is crucial, preventing claims from being submitted to Consorcio. All wind damage claims must be submitted to the insurer, which will initially handle the claim and pay compensation. This is provided for in the protocol agreed upon between Consorcio and Unespa, representing insurance companies. Subsequently, Consorcio will reimburse the compensation paid in advanced by insurers in the areas where the Spanish Weather Service (AEMET) finally certifies, and Consorcio agrees, that wind gusts exceeded 120 km/h or that the wind took the form of a tornado.

Thirdly, there are borderline cases between ordinary and extraordinary risks, which Consorcio can clarify, for example, by disseminating the appropriate explanations to the General Council of Brokers representing Insurance Brokers Associations.

All these cases makes life harder for the Spanish legal scheme for compensating damage caused by hydro meteorological or geological events, however consistent and well-designed it may be. In short, the Spanish system is undoubtedly the most complete and robust in the global insurance market, but that does not mean it “runs smoothly” without assistance.



The first step an insurance broker takes after a cut-off low appearance, implying heavy rainfall and flooding, is usually to understand who compensates and under what procedure. Professional brokerage offers clarity. We explain to the client not only which coverage is activated, but how, when, with what documents and what reasonable expectations they can have. Often, the policyholder does not realise that Consorcio always relies on the private contract they signed with their insurer; in other words, without a properly contracted policy, the individual would not be protected. This initial guidance avoids confusion, misunderstandings and subsequent frustration.

Once the origin of the damage is clarified, the most operational phase begins. Although Consorcio provides direct channels for submitting claims, the reality is that most people turn to their broker to start the process. Our role involves gathering documents, verifying receipts, preparing damage reports, advising on how to prove losses, guiding photo-taking and avoiding mistakes that could delay or hinder the claim. When a policyholder is experiencing an emotionally complex situation, the broker's presence brings order, calm and direction.

Practice shows that claims are mostly submitted to Consorcio through the insurance agent or broker, which also allows Consorcio to receive claims filtered by an insurance expert on the ground and in contact with the policyholder, facilitating rapid and mass reception rather than piecemeal. This enables Consorcio to quickly and accurately georeference claims and distribute them in an orderly and rational way to its team of loss adjusters who are responsible for assessing the damage. These are the first moments of confusion, and effective professional practice by local brokers in the area not only alleviates unease among policyholders but also helps Consorcio to bring order from the outset. At this declaration stage, a group of professional brokers, well-versed in the procedures and requirements of Consorcio, will be clearly beneficial. Of course, Insurance Brokers Associations are an ideal tool for Consorcio to convey instructions, criteria or clarifications both at this stage and in the subsequent ones. The Associations will immediately disseminate all this information to their members.

After the declaration comes the assessment stage. The visit by the Consorcio's loss adjuster is often a delicate moment, especially when there are discrepancies in damage assessment. The broker acts as an expert intermediary who accompanies the policyholder, provides additional information, certifies circumstances that might go unnoticed and ensures that the assessment is as complete and rigorous as possible. On numerous occasions, relevant details

— hidden structural damage, impact on technical installations, indirect losses or not visible deterioration in an initial inspection — are better considered after preparing documents with the broker's help. Furthermore, when clarifications or claims need to be submitted, our experience in handling Consorcio administrative files is essential for smooth progress.

In non-Consorcio claims, the broker's role becomes even more delicate. Here the relationship is direct between the policyholder, represented by a broker, and their insurer. Policy interpretations, exclusions and coverage taken out are of decisive importance. The broker has in-depth knowledge of the contract and can explain to the client exactly what the policy covers, how each type of damage is assessed, and the standard timescales and procedures. This prevents inappropriate claims, speeds up the processing of valid ones and ensures policyholders receive what they are entitled to.

The floods that struck the Region of Valencia and Castile-La Mancha revealed a recurring pattern: much damage initially considered minor proved complex later. A flooded basement might conceal severe electrical damage; a rain-affected façade could have internal leaks; industrial equipment shut down due to dampness may entail hard-to-quantify production losses. In such a scenario, the broker becomes the guarantor that each claim is properly documented, assessed using technical criteria, and processed according to the contract. Their role is akin to that of an orchestra conductor, who must efficiently coordinate the insurer, loss adjusters and even repairers, striving to avoid duplication, misunderstanding, and minimising downtime that harms the client.

This is not merely a technical process. Claims handling carries a profound emotional burden. People see their homes damaged, families lose essential belongings, self-employed workers cannot open their businesses, and companies have to halt operations.

The broker does not just handle paperwork: they listen, guide, translate insurance jargon, provide reassurance and help the policyholder feel supported. This human element is one of the profession's greatest strengths and one of the reasons why, year after year, insurance brokerage remains a trusted figure for citizens.

The floods, which had their epicentre of suffering in Valencian towns such as Paiporta and Catarroja, also highlight the need to strengthen insurance awareness in Spain. Many people are unaware that a basic home policy already activates Consorcio protection, they do not know that certain damage require additional coverage, or do not realise that property maintenance directly affects coverage. From the General Council, we work to grow this insurance awareness, because an informed society is a more protected society. We collaborate with government agencies, schools, vocational training centres, universities, media outlets, and sector organisations to promote information campaigns, explain the advantages of having insurance and raise awareness about a key element in people's lives that it inevitably becomes present in their existence.



Each natural catastrophe serves as a reminder of the need for a strong, accessible and well-structured insurance system. The role of brokerage, far from being ancillary, is central. We are an essential part of the mechanism that enables society to recover after a catastrophe.

The October 2024 Floods generated an unprecedented volume of claims in several regions, primarily in the Region of Valencia, with hundreds of thousands of claims handled by Consorcio de Compensación de Seguros. This situation highlighted the social and operational role of insurance brokers, professionals who acted as the first point of support for many policyholders, but it also revealed bottlenecks, procedural shortcomings and areas for improvement in the relationship between brokers, insurers and Consorcio. The sector's balance combines institutional gratitude for the work carried out with clear demands for changes in procedures and channels to make claim handling more agile and effective in future events.

From the brokerage sector, a series of circumstances were identified that provide clear lessons for future extreme situations like those experienced in autumn 2024. The most notable were:

Saturation of customer service channels: during the first days it was extremely difficult to contact Consorcio by phone. The avalanche of claims and the call centre overload prompted led to calls to prioritise online channels and organise coordinated professional support.

Imbalance between workload and assessment resources: the volume of appraisals exceeded initial capacity, forcing CCS to mobilise and request collaboration from loss adjusters and agree formulas with companies to speed up assessments.

Need for simplified procedures and temporary exceptions: strict application of deadlines or bureaucratic requirements (documents, formalities) in disaster situations hinders rapid resolution of claims. Although brokers and Consorcio took steps to streamline and simplify procedures, clearer regulatory and operational frameworks are needed to apply exceptions quickly.

Need for greater clarity on compensation criteria and claim status: the claim handler, whether policyholder or their broker, needs easier access to claim status and criteria explaining delays or rejections. Although CCS enabled online consultation channels, more direct and functional access would be key in future situations.

In addition to these main aspects, there are other specific demands from insurance mediation to strengthen and improve the claim handling system in these extreme circumstances:

Formal participation in crisis and coordination committees. This is a crucial element, especially considering that Broker Associations are public law corporations; that is, natural collaborators of the Administration. Thus, measures on prioritising assessments, appraisal criteria or administrative exceptions, among others, can be shaped with brokers' practical experience.

Identification of the broker by Consorcio in case of loss events. If the policy is brokered, Consorcio does not currently identify the professional involved. In serious loss events, where the client has lost everything, even the ability to communicate, the broker could receive communications on their behalf.

Streamlined protocols for shared expert assessment. Mechanisms should be established to quickly activate a pool of loss adjusters. This requires prior agreements between Consorcio and insurers to assign loss adjusters or carry out joint assessments; set up support lists and tools to prioritise urgent cases, such as shops and self-employed workers at serious risk of permanent business closure.

Document simplification and clear temporary exceptions. It is advisable to establish a minimum package of initially admissible documents (photos with metadata or standardised forms that can be filled out on-site by the broker) and allow supplementary documents to be submitted later without penalties for formal deadlines when dealing with extraordinary damage.

Clarity and communication of criteria: Another point that could be further developed concerns the possibility of Consorcio publishing indicative appraisal criteria for typical damage (vehicles, homes, business interruption) and public/private dashboards on handling pace, queues by type, and estimated average times. This information would be invaluable for brokers to better manage their clients' expectations by accessing these operational indicators.

Coordinated campaigns and support for policyholders without a broker. The volunteer work of the Valencia Brokers Association on the ground, as well as those working remotely via the service set up by the General Council, shows the importance of institutional recognition and use of professional broker volunteering to assist policyholders without documents or digital access. This work must be regulated and coordinated to avoid jurisdictional conflicts and protect data.

Specific training and emergency protocols. A catastrophe is always the prelude to the next. Hence, continuous practical training and the development of manuals enabling brokerage agencies to act with standardised protocols during the first critical 48–72 hours are key. The professional association network, with the capacity to operate throughout Spain, has the necessary training resources to carry this out. Its Insurance Business School, CECAS, with over 50 years of history and 180,000 trained students, illustrates the Associations' potential in this field.

When proposing the aforementioned measures, the Brokers' Associations, as representatives of the entire profession, are also aware of certain risks that must be taken into account likewise. They could be summarised in three points:

Data protection and express authorisation: representation or acting on behalf of the policyholder requires authorisation mechanisms and clear limits to avoid misunderstandings or privacy breaches.

Avoiding conflicts of interest: collaboration between insurance companies' loss adjusters and those from Consorcio must be regulated to preserve technical independence.

Do not turn assistance into commercial activity: volunteer work or technical assistance must remain separate from commercial prospecting. The Professional Associations have always insisted on ethical controls.

The tragic events caused by these floods — and those that will inevitably occur again — confirm the strength of the Spanish insurance model, but also the need to continue strengthening it. Consorcio, insurers and brokers form an ecosystem that only works fully when all its gears are aligned and communicated.

As insurance brokers, we are ready to assume that role of bridge, of technical guarantee and of human support that citizens need in times of crisis. That is why we demand improvements that are not merely corporate but systemic: more streamlined procedures, professional access channels, participation in emergency committees, and specific training to act from the very beginning.

Our commitment is clear: to stand by the policyholder, improve every process and contribute to ensuring that each catastrophe is managed more effectively than the last. Because, ultimately, what is at stake is more than claim handling: it is society's trust in its protection system, and that trust is, and will continue to be, the *raison d'être* of insurance mediation.

The 2024 Valencia Floods: The Ultimate Test for the Spanish Insurance System

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Director of Operations

Consorcio de Compensación de Seguros

Introduction: Context and Nature of a Historic Risk

The cut-off low (DANA in Spanish) that struck the Region of Valencia at the end of October 2024 went beyond meteorological chronicles to become the largest flood-related loss ever managed by Consorcio de Compensación de Seguros (CCS). Between 29 October and 4 November, torrential rainfall not only overflowed rivers and ravines but also collapsed drainage networks and flooded vast residential, industrial and agricultural areas, severely affecting the metropolitan area of Valencia and numerous districts in its province.

The human, social and economic impact was extraordinary. Thousands of homes were rendered uninhabitable, entire fleets of private and company vehicles were destroyed, and economic activity ground to a halt in industrial estates and shops, in addition to severe damage to critical infrastructure such as roads and railways.

The economic dimension of the catastrophe marks a turning point in the history of insurance in Spain. Both in terms of volume and speed of payment, the management of this flood is already a compulsory case study.

By March 2025, barely four months after the event, CCS had already paid out more than €2.6 billion. By November 2025, the amount paid had exceeded €4 billion, with a claim resolution rate of 98.3%.



From a risk management perspective, this event tested the Spanish extraordinary risk coverage model like never before. The figures speak for themselves: CCS received more than 250,000 compensation claims, with over 95% concentrated in the Province of Valencia. As of 24 November 2025, more than a year after the tragedy, CCS had registered a total of 250,663 claims and paid out over €4 billion, with an estimated final cost of around €4.8 billion. In terms of volume, this is undoubtedly the largest payout in the institution's more than 70-year history.

The Concept of “Extraordinary Risk”: The Key to the System

To understand the response to this catastrophe, it is essential to grasp the legal definition of “extraordinary risk”. According to Royal Decree 300/2004 of 20 February, which approves the Regulation on Extraordinary Risk Insurance, Consorcio compensates direct damage to persons and property — as well as business interruption — when these arise from extraordinary natural events (floods, earthquakes, sea surges, etc.) or events of political and social significance included in the regulation itself.

In the case of the 2024 Valencia Floods, the determining factor was not only the intensity of rainfall but the resulting “extraordinary flooding”. This technical concept encompasses inundation caused by the overflow of natural or artificial channels and violent runoff in urban areas.

The cornerstone of this protection system is its mandatory and complementary nature. Coverage is not optional: a surcharge in favour of CCS is automatically included in private insurance policies (home, life, motor, commercial, etc.), ensuring that virtually all insured property and people covered against “ordinary” events are protected against these extreme events too.

Management Mechanisms: The Operational “Stress Test”

The scale of the Valencia Floods served as the most demanding stress test for CCS's operational machinery. Its response was built on a solid regulatory foundation, its own internal management and, crucially, on an intensive collaboration with the private sector.

As an extraordinary flood, the nature of the event automatically triggers Consorcio's intervention. Unlike common loss events, where each insurer handles its own claims, CCS assumes direct control: registration, assessment, appraisal and payment.

Although previous experience in disasters, such as the La Palma volcanic eruption or other extraordinary floods, provided a basis, the geographical concentration of damage in the densely populated Valencia metropolitan area posed an unprecedented logistical challenge.

The bottleneck in any natural catastrophe is damage assessment (loss adjustment). Through the Special Operational Procedure, nearly 2,300 additional loss adjusters were mobilised exclusively for this flooding. The majority came from private insurers and expert firms, activated thanks to special collaboration agreements with CCS. This deployment was vital to inspect tens of thousands of assets within weeks.

CCS therefore established a set of loss adjustment criteria framed within the Special Operational Procedure for collaboration between CCS, UNESPA and the 38 insurers that adhered to it, aiming to ensure a swift and consistent response to an exceptional situation.

The loss adjustment criteria established by CCS for managing damage arising from extraordinary risks are not mere technical guidelines; they embody a philosophy focused on protecting the policyholder and ensuring operational

efficiency in highly complex situations. The combination of technical rigour, flexibility in the face of exceptional circumstances, and the inclusion of digital tools ensures a swift, fair response tailored to market realities. In short, this model prioritises transparency, collaboration and equity, ensuring that compensation not only covers material damage but also facilitates the policyholder's full recovery in the shortest possible time.

Assessment Criteria for Motor Claims Used in the 2024 Valencia Floods

This philosophy applies to all vehicles, regardless of their characteristics, that have a specifically contracted insurance policy¹, based on the following principles:

Simplification in Determining Total Loss

One of the fundamental principles is **efficient management**. When a vehicle is a complete write-off, triage documentation (georeferenced representative photographs) is sufficient to confirm the assessment, without the need for an on-site inspection or videoconference. This measure speeds up the process and avoids unnecessary delays.

Clear and Secure Communication with the Policyholder

It is mandatory to immediately contact the policyholder via SMS, informing them of their claim assignment and the responsible loss adjuster. Furthermore, requesting bank details electronically is prohibited, prioritising security and data protection through in-person delivery or video assessment. This approach strengthens **trust and transparency** in the relationship with the policyholder.

Use of Technologies and Digital Evidence

The loss adjustment philosophy promotes **video-adjusting** and the acceptance of photographs or videos provided by the policyholder as sufficient proof to determine write-off. This commitment to digitalisation reduces time and costs while maintaining process reliability.

Economic Assessment Criteria

For vehicles insured solely for third-party liability, it is recommended to apply the **used vehicle's market value**, adjusted according to its prior condition and increased by 20%, excluding accessories. For vehicles with comprehensive coverage, the contractual rules apply, respecting any improvements and exclusions. Furthermore, minimum compensation amounts are set for vehicles in working order with a valid MOT/roadworthiness certificate (ITV in Spanish): €750 for passenger cars, €400 for motorcycles and €150 for mopeds. These minimums ensure fair compensation, even in cases of low-value vehicles.

Treatment of Wrecks and Offers

The philosophy seeks to avoid unjustified reductions in compensation. If the policyholder provides proof of repair, no deduction for vehicle wrecks is applied. For write-offs, clear rules apply: no wreck deduction for vehicles taken to municipal storage yards and for those with a market value below €10,000; for values between €10,000 and €30,000, one offer is requested; and for values above €30,000, three offers are requested, applying the highest. Exceptionally, the value offered by the scrapyard is accepted, unless it is disproportionately low. Applying estimated values without documentary support is prohibited, ensuring **transparency and fairness**.

¹ All of them, as Extraordinary Risks Cover is linked with MTPL insurance, which is compulsory in Spain.

Cover for Additional Guarantees

The application of guarantees such as a replacement vehicle or immobilisation is recognised; provided they are included in the contract for ordinary risks and the corresponding surcharge has been paid. This criterion ensures **contractual consistency** and comprehensive protection for the policyholder.

Assessment Criteria for Non-Motor Claims

These criteria are applied to residential properties, commercial and industrial policies and infrastructures.

Assessment Principles and Pre-Existing Conditions

The underlying philosophy stems from the need to **determine the real value of the affected property**, respecting the assessment method agreed in the policy. For dwellings, the **replacement value** is generally applied, including VAT when the policyholder is not a taxable person. In calculating the value of existing properties at the time of the loss, construction cost modules, generally used in the Spanish building sector, are employed. These modules, developed by CYPE, are adjusted by type, location and quality, and include overhead, industrial profit, fees and taxes, allowing a replacement value to be reached. In the case of real value policies, depreciation is introduced according to age and useful life of the property (100 years for dwellings).

Inclusion of Taxes and Complementary Costs

An essential principle is **the inclusion of VAT in compensation** when the policyholder cannot deduct it, as well as the consideration of complementary costs (demolition, cleaning, mud removal) up to a limit of **4% of the total insured sum**, both in total and partial losses. This approach seeks to cover not only direct damage but also the costs associated with restoring the asset.

Flexibility in Cases of Underinsurance

The loss adjustment philosophy is geared towards **protecting the policyholder**, avoiding disproportionate penalties. Therefore, the proportional rule is waived in certain cases, and it is established that the proportional rule will not apply for damages under €10,000 or capital shortfalls of up to 30% in simple risks and 15% in complex risks. This measure reflects a criterion of **fairness and proportionality**.

Adaptation to Market Reality

These criteria acknowledge the **expected inflation in repair costs**, increasing CYPE reference prices and rental costs for uninhabitable properties by 20%. Likewise, a substantial advance payment is envisaged without the need for an on-site visit, provided sufficient evidence exists, demonstrating a philosophy of **agility and trust in the available information**.

Innovation and Simplification in Management

The use of **video-adjusting** via platforms is encouraged, reducing time and costs. In addition, declarations of responsibility from the policyholder are accepted to assess contents removed without documentary support, applying the insured capital as a legal reference. These measures demonstrate a commitment to **digitalisation and administrative simplification** without undermining legal certainty.

Comprehensive Coverage and Specific Criteria

The philosophy is also reflected in the breadth of coverages: from business interruption due to impossibility of access to geological risks, damage for theft during cleaning and capital compensation between items within the same risk situation, even if not contemplated in the policy. Requirements such as rental contracts for compensating uninhability are removed, and cleaning with own means is recognised, valued at €12/hour.

Transparency and Coordination

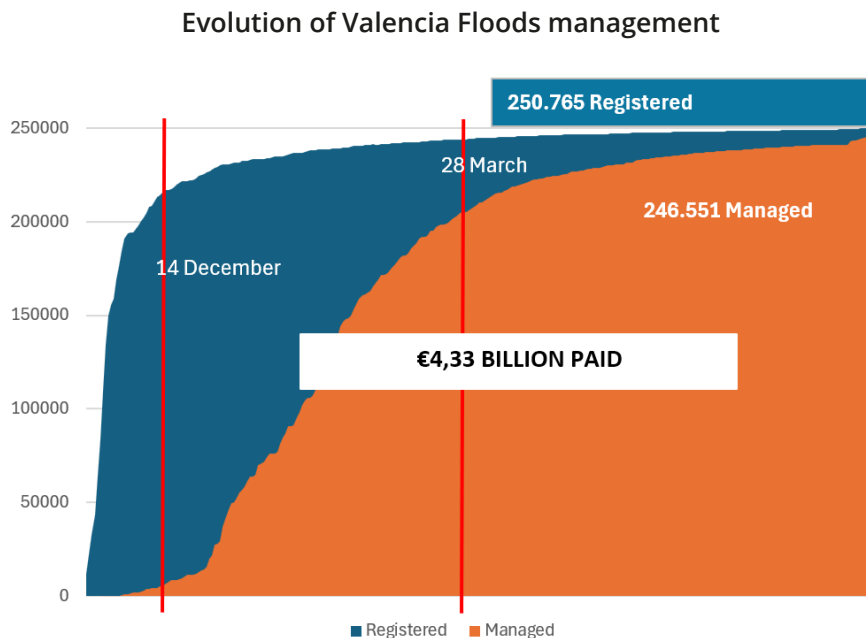
Finally, **coordination between loss adjusters and companies** was promoted through regular meetings and tools such as the GIS viewer, which enabled the identification of areas and professionals involved. All of this reinforces the philosophy of **collaboration and traceability** in management.

Scale and Pace of Compensation: A Record Pay-out

The economic dimension of the catastrophe marks a turning point in the history of insurance in Spain. Both in terms of volume and speed of payment, the management of this flood is already a compulsory case study.

Payment Figures

By March 2025, barely four months after the event, CCS had already paid out more than €2.6 billion. By November 2025, the amount paid had exceeded €4 billion, with a claim resolution rate of 98.3%.



It is important to highlight, in the financial context, CCS's ability to support recovery through the mass payment of insurance compensation.

Sector Breakdown: The Damage X-ray

The distribution of compensation reflects the economic and social structure of the affected area:

- Vehicles: More than 140,000 claims have been processed, with a cost close to €1.2 billion and an average compensation of €8,600–€8,700. Coverage was universal in practice thanks to the inclusion of the surcharge in all motor policies since 2016.
- Housing: Over 82,000 households have received compensation totalling around €1.1 billion. The high level of insurance in the Region of Valencia, above the national average, has been decisive for the large volume of claims handled.
- Businesses and Shops: Around 23,000 companies have received payments amounting to more than €1.7 billion. This sector presents the most complex claims (business interruption, major structural damage), which explains why, a year later, a significant volume of payments was still pending final adjustment.

Territorial X-ray: The Uneven Footprint of Disaster

A detailed analysis of municipal data reveals that the cut-off low was not a uniform blow, but a highly destructive phenomenon with very specific types of municipalities.

The Metropolitan “Ground Zero”: Density and Destruction

The bulk of the impact was concentrated in the metropolitan area of Valencia, where urban density exponentially multiplied the damage. Municipalities such as Paiporta, Catarroja, Algemesí, Aldaia and Alfafar form the epicentre of the tragedy.

- Paiporta stands out as the hardest-hit municipality in terms of the number of claims, with 23,992 filed.
- Catarroja and Algemesí account for 22,578 and 20,387 claims respectively.
- Nature of the damage: In these municipalities, the pattern is clear: thousands of vehicles destroyed (often more than half of all losses) and massive impact on ground-floor residential and commercial premises. The high population density turned the overflow of ravines into a major housing crisis.

The Stricken Industrial Heartland

Beyond residential properties, the Valencia Floods struck at the productive artery of the province. Municipalities with a strong industrial and logistics profile, such as Riba-roja de Túria, Beniparrell and Massanassa, suffered critical damage in their industrial estates.

- Around 42 industrial estates sustained high or very high-intensity damage.
- Thousands of industrial units were affected, compromising the operations of thousands of businesses.

Rural and Peri-Urban Vulnerability

Although with lower absolute figures, the relative impact on rural or peri-urban municipalities such as Chiva, Godolleta and Montserrat was highly significant. Here, damage mainly affected single-family homes and vital agricultural infrastructure. Lower insurance penetration and geographical dispersion have made recovery in these areas slower and more dependent on direct aid.

Lessons Learned and the Future of the Insurance Model

The Valencia Floods were not just a major loss event; it became a forced learning laboratory for disaster management in a changing climate context. Analysing what happened allows us to draw vital conclusions to strengthen the resilience of Spanish society against future events.

Insurance Culture as a Social Shield

The first major lesson is positive: high insurance penetration is a first-rate social protection tool. The fact that a high percentage of households and homeowners' associations in the Region of Valencian were insured (and therefore covered by CCS) was decisive in cushioning the blow. Without this cover, the social impact would have been enormous.

However, the experience has left pending tasks:

- For families: The need to periodically review policies has become evident to avoid situations of underinsurance that reduce final compensation.
- For businesses: The urgency of taking out adequate business interruption cover is clear, as it is vital for surviving the halt in activity after the disaster.

Adapting to the New Climate Context: A New Map for a New Climate

Finally, this flood event makes it clear that flood risk in the Mediterranean is changing. Rainfall patterns are more explosive, concentrated and difficult to predict. Future insurance management could incentivise prevention.

- Incentives for mitigation: Deductibles play an important role in encouraging the adoption of preventive measures that reduce the damage caused by loss events.
- Conscious Urban Planning: Promoting the reuse of insurance information so that all public administrations take it into account when making decisions on land-use planning.

Loss Adjustment for the Valencia Floods: Challenges, Steps Taken, and Lessons Learned

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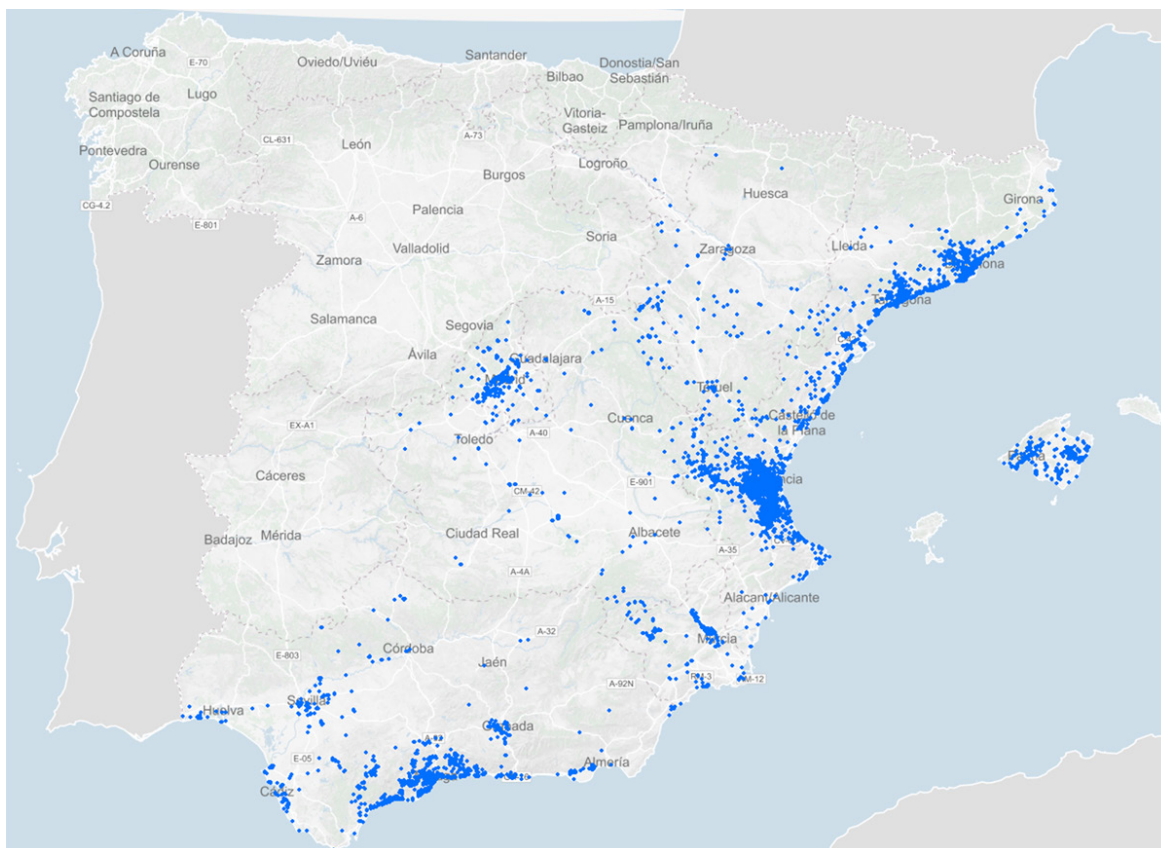
Consortio de Compensación de Seguros

The Province of Valencia is at high risk for flooding and has historically suffered frequent loss events of considerable size, some as devastating as the *Great Flood* in October 1957, which led to artificial diversion of the channel of the Turia River, and the *Tous Dam Disaster* in October 1982. Nevertheless, the DANA¹ that took place from 28 October to 4 November 2024 is unquestionably the most catastrophic episode Consorcio de Compensación de Seguros has had to deal with in its more than 70 years' existence, and managing loss adjustment for that mega loss event has posed an unprecedented challenge.



The October 2024 floods have showcased the value of teamwork, all the more necessary the more complex the task. It has also shown that no single organisation is capable of handling this type of loss event alone. Finally, it has demonstrated that strengthening and improving public-private partnership is the best way to dependably tackle future disasters.

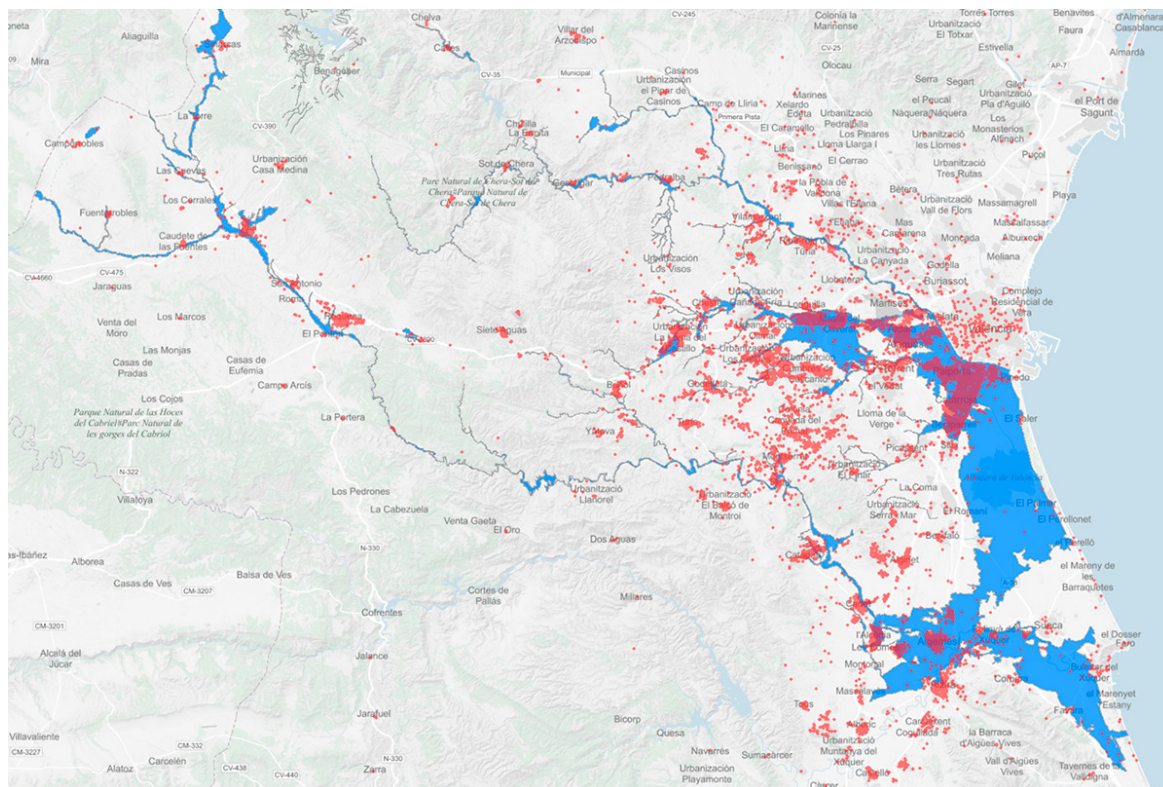
¹ DANA is the Spanish acronym for the weather phenomenon termed a cut-off low.



Map 1. Location of the claims for compensation from the October 2024 cut-off low.
Source: *Instituto Geográfico Nacional* [National Geographic Institute] and Consorcio de Compensación de Seguros.

The cut-off low lasted more than a week and impacted large areas of Spain, but the most severe damage was inflicted on Tuesday, 29 October, in Valencia as a result of overflowing of the Poyo Ravine, the Magro River, and other watercourses in L'Horta Sud, Ribera Alta, Camp de Túria, La Hoya de Buñol-Chiva, and Requena-Utiel districts and the municipalities south of the city of Valencia; plus the towns of Letur and Mira in the Region of Castile-La Mancha.

In conjunction with the floods, 10 tornadoes struck the Ribera Alta area in the afternoon and evening of 29 October and caused further damage from the combined action of wind and rain.



Map 2. The area hardest hit by the October 2024 cut-off low.

Source 1 (in blue, the flood plains of the watercourses and rivers that overflowed): *Instituto Geográfico Nacional* and *Institut Cartogràfic Valencià* [Valencia Cartographic Institute].

Source 2 (in red, georeferencing for the claims filed): Consorcio de Compensación de Seguros. Note that there have also been claims from areas located outside the fluvial flood plain from flooding in urban areas because the municipal storm drainage networks were overwhelmed.

This article describes the measures taken by Consorcio and its collaborating loss adjusters to cope with this loss event, unprecedented in terms of the number of claims, the severity of the damage, and its social and media impacts.

Description of the losses

Motor vehicles

One of the singular features of this event has been the extremely high number of motor vehicles that were damaged in Valencia (more than 131,000), 7% of all the motor vehicles registered in the province. More than 97,000 vehicles were inundated just in the area that was hardest hit, L'Horta Sud² district, 33% of all the vehicles registered in that district³, accounting for 75% of all losses.

In most floods, motor vehicles usually make up somewhere between 20 and 35% of claims. The exact figure is higher or lower depending on the day and the time when each episode occurs and the time of concentration of the flood and thus on the amount of time available in which to activate early warning systems and civil protection

² The municipalities of Paiporta, Catarroja, Aldaia, Alfafar, and Sedaví suffered the most losses in the region to the south of the Valencia metropolitan area.

³ Data on vehicle registrations taken from the *Dirección General de Tráfico* [Spain's Driver and Vehicle Licensing Agency].

recommendations and measures. The percentage in the October 2024 floods was extremely high, 57.90% (see Table 1).

	Oct 2024 floods		Sep 2019 floods		Sep 2023 floods	
	No.	%	No.	%	No.	%
Motor vehicles	145,082	57.90%	20,079	28.01%	6,350	26.47%
Homes	82,416	32.89%	42,716	59.59%	15,001	62.53%
Offices, businesses, industrial buildings, warehouses, and other simple risks	17,710	7.07%	7,299	10.18%	2,240	9.34%
Industrial plant	5,303	2.12%	1,511	2.11%	377	1.57%
Infrastructure	74	0.03%	76	0.11%	24	0.10%
TOTAL	250,585	100.00%	71,681	100.00%	23,992	100.00%

Table 1. Claims by risk category. The cut-off low from 28 October to 4 November 2024 (data as of 16/11/2025) is compared to two other severe and recent floods, namely, those of September 2019, that mainly impacted Murcia and Alicante and of September 2023, that mainly impacted Toledo and Madrid.

Source: Consorcio de Compensación de Seguros. Prepared in-house.

Motor vehicle write-offs made up 78.5% of all vehicle losses, an unusually high percentage, considerably higher than, for instance, the values of 48.1% for the September 2019 floods in Alicante and Murcia and 65.7% for the September 2023 floods in Toledo and Madrid (see Table 2).



Image 1. Inundated vehicles in Paiporta.

Source: Consorcio de Compensación de Seguros.

Another relevant aspect was the large amount of damage to lorries, coaches, and industrial and farm vehicles: more than 8,300 claims have been filed for these losses, 5.4% of all motor vehicle claims, higher than the 3.5% for the September 2019 floods in Murcia and Alicante and the 1.9% for the September 2023 floods in Toledo and Madrid (see Table 2).



Image 2. Damaged industrial vehicles in Riba-roja de Túria.
Source: Consorcio de Compensación de Seguros.

	Oct 2024 floods ⁴		Sep 2019 floods		Sep 2023 floods	
	No.	%	No.	%	No.	%
Motor vehicle losses	143,293	100.00%	17,476	100.00%	5,669	100.00%
Passenger cars and motorcycles	127,024	94.59%	16,865	96.50%	5,562	98.11%
Coaches, lorries, tractors, and industrial vehicles	7,269	5.41%	611	3.50%	107	1.89%
Vehicle write-offs	105,377	78.47%	8,401	48.07%	3,724	65.69%

Table 2. Number of vehicles damaged by vehicle type and degree of loss.
Source: Consorcio de Compensación de Seguros. Prepared in-house.

The average age of motor vehicles registered in the region is quite high, over 13 years old, and consequently the compensations established in the insurance policies were in many cases less than the replacement cost. This disparity grows with vehicle age⁵.



Image 3. Inundated vehicles over 20 years old.
Source: Consorcio de Compensación de Seguros.

⁴ Data as of 16 November 2025.

⁵ For vehicles that are more than two years old, policies usually calculate compensations for write-offs at the market value of a vehicle the same age, with the same characteristics, and in the same condition. Compensations for repairs are ordinarily limited to that market value.

Vehicle repair shops were basically swamped in the months following the disaster because of the avalanche of work and because many workshops had themselves been severely damaged by the flooding and were not operating. For that reason, repair times for vehicles that were not write-offs have ballooned.

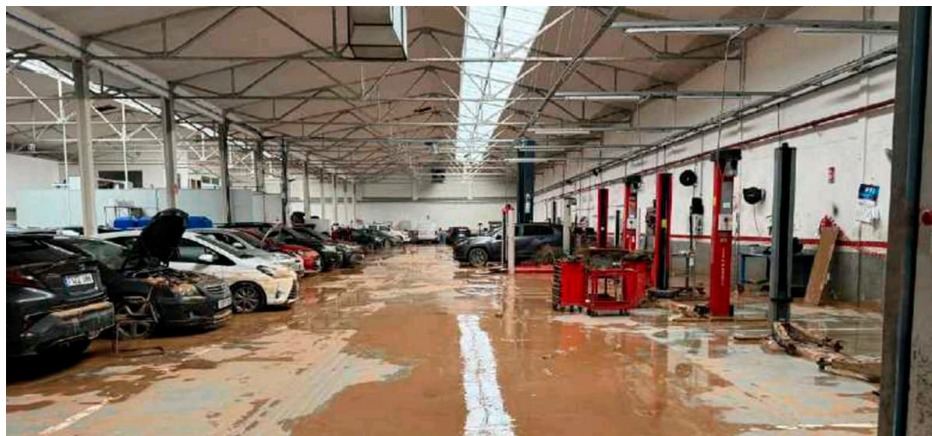


Image 4. Flooded automobile repair shop at the Silla motorway (V-31) axis.
Source: Consorcio de Compensación de Seguros.

Homes and businesses

Floodwater levels rose to more than one metre over most of the central part of the flooded area and caused serious structural damage to homes, businesses, and warehouses at or below street level. The belongings inside were completely destroyed, the premises were made unfit for occupancy, and businesses lost income for weeks or months.

In many cases the rule of proportional insurance had to be invoked because of underinsurance⁶. Most homeowner insurance policies contained a loss of use clause, but in contrast many insurance policies for businesses, warehouses, offices, and similar risks did not include a business interruption clause to cover lost profits.



Image 5. Inundated home façade in Paiporta, with a graffiti reading “Thanks for your efforts”.
Source: Consorcio de Compensación de Seguros.

⁶ The proportional insurance clause stipulates that where the insured sum is less than an asset's value, in case of loss the insurer pays only a partial indemnity in the same proportion as the ratio between the sum insured and the value of the asset.

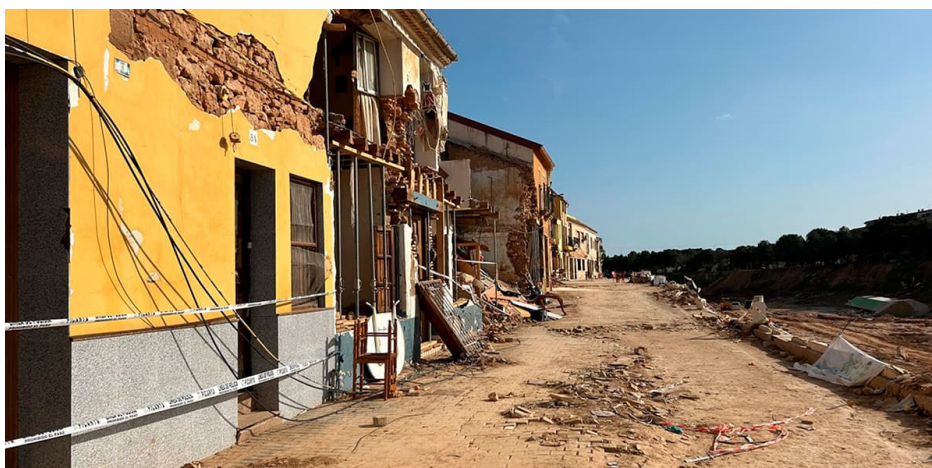


Image 6. Damaged homes in Picanya near the Poyo Ravine.
Source: Consorcio de Compensación de Seguros.



Image 7. Detail of a restaurant in Picanya provisionally reopened a few days after the flood.
Source: Consorcio de Compensación de Seguros.



Image 8. Damage to a logistics centre at the Sur industrial estate in Riba-roja de Túria (A-3 motorway axis).
Source: Consorcio de Compensación de Seguros.

Industrial plants

Valencia is one of Spain's most industrialised provinces. The industrial fabric in the area hit by the floods is highly developed and diversified, and many plants in the food product, electrical and electronic component, automotive aftermarket, wood and furniture, plastic, chemical, metalworking, and textile sectors were affected. Generally speaking, the damage was quite severe, and manufacturing activity had to be halted, in many cases for protracted periods. Not all had suitable insurance coverage.

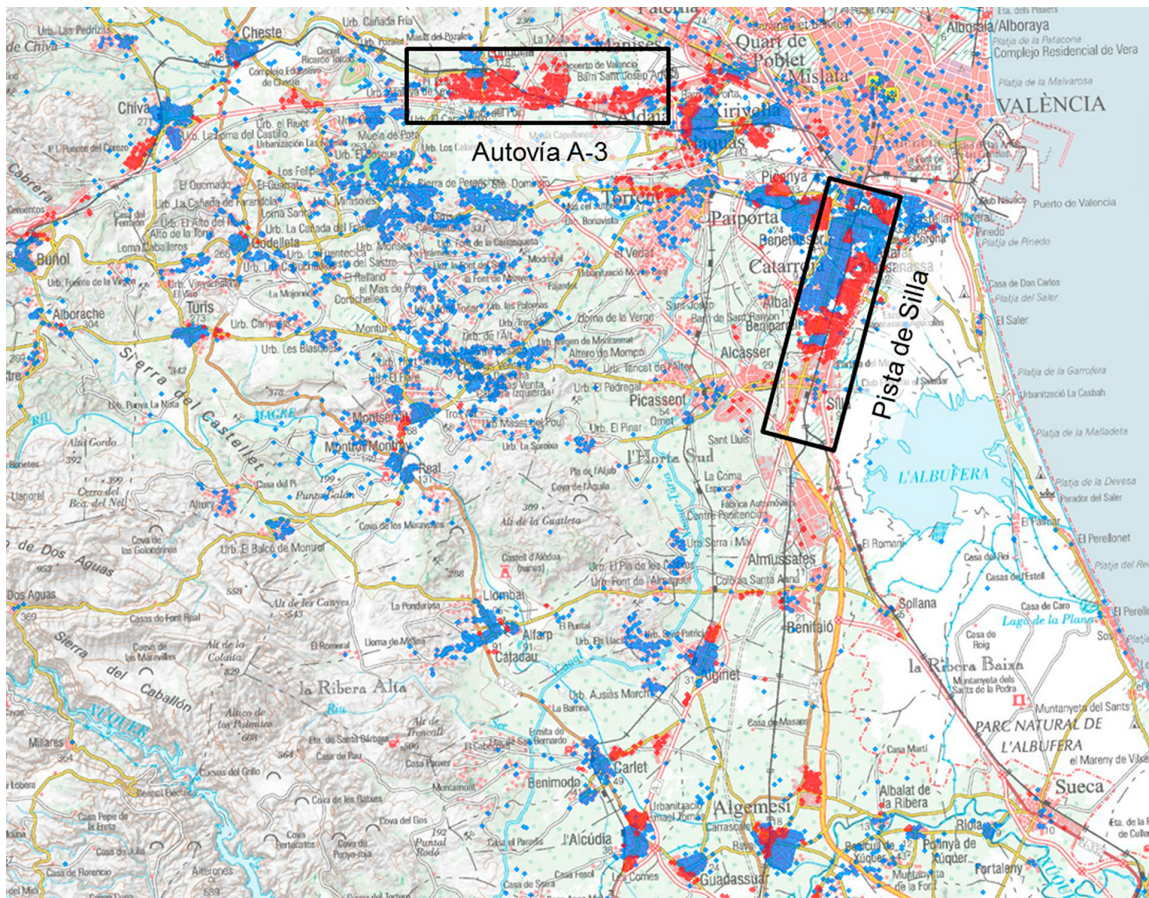
In addition, in the first days and weeks following the event the affected areas faced major difficulties. Travel and accessibility were impacted, and there were restrictions on the availability of electricity, water, and telecommunications services. This made it difficult for the insured to take steps to remove standing water, eliminate damp, or recover damaged belongings, as well as the initial loss appraisal activity, which could have helped lessen the economic impact of the event.



Image 9. Damage to a Metrovalencia viaduct over the Poyo Ravine.
Source: Consorcio de Compensación de Seguros.

Map 3 shows the industrial areas that were hardest hit:

- Access route to the capital via the A-3 motorway (industrial and logistics area of Riba-roja de Túria and Quart de Poblet).
- Silla motorway axis (V-31) in municipalities south of the capital (Sedaví, Benetússer, Alfafar, Massanassa, Catarroja, Albal, Beniparrell and Silla).
- Industrial estates in towns located between the two aforementioned routes (Aldaia, Xirivella, Alaquàs, Torrent, Picanya and Paiporta).
- Industrial estates in other towns such as Chiva, at the head of the Poyo Ravine, or Algemesí, along the Magro River.



Map 3. Industrial areas hardest hit by the cut-off low. In red, claims for industrial plants; in blue, all other (non-industrial) claims; black rectangles: the two industrial zones with the highest concentration and severity of losses. Note that many industrial estates are located in flood-prone areas.

Source: *Instituto Geográfico Nacional* and *Consorcio de Compensación de Seguros*.



Image 10. Damaged food industry plant in Torrent.
Source: *Consorcio de Compensación de Seguros*.

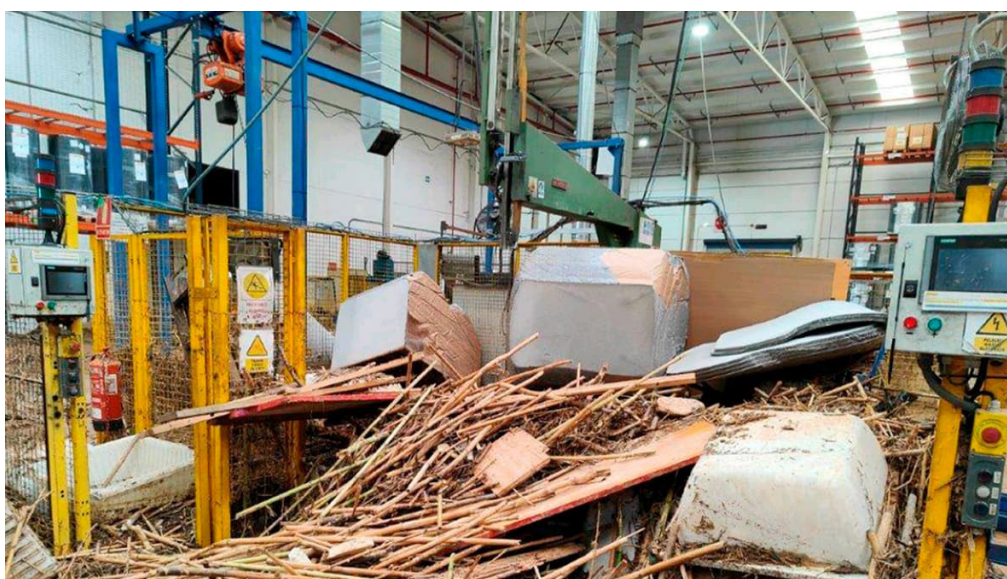


Image 11. Damaged automotive supply plant in Riba-roja de Túria.
Source: Consorcio de Compensación de Seguros.

The table below lists the industrial estates that had the most losses:

Watershed	Municipality	Industrial estate	
Poyo Ravine	Albal	Albal Ind. Estate	
	Aldaia		El Pou
			La Lloma
	Benetússer		Benetússer Ind. Estate
	Beniparrell		Carrascal
			Vereda
	Catarroja		El Bony
	Cheste		Castilla
	Chiva		La Pahilla
	Loriguilla		Masía del Conde
	Massanassa		Massanassa Ind. Estate
	Paiporta		La Mina
			La Pascualeta
			L'Estació
	Picanya		Alquería de Moret
			Alquería de Raga
Quart de Poblet		Valencia 2000	
		A3 ind. develop. zone	

Watershed	Municipality	Industrial estate
Poyo Ravine	Riba-roja de Túria	Casanova
		El Oliveral
		Sector 12
		Sector 13
		Sector 14
		Sur
	Sedaví	Sedaví Ind. Estate
	Torrent	Mas del Jutge
	Valencia	Forn d'Alcedo Ind. Estate
	Magro & Júcar rivers	Xirivella
Zamarra		
Algemesí		Cotes
		Xara
L'Alcúdia		La Creu
		Cami Reial
Guadassuar		La Garrofera
Alberic		La Marquesa
Carlet		Ciutat de Carlet
		Sant Bernat
Alzira		El Pla
		Río Verde
		Estació d'Alzira
		Carretera d'Albalat
Polinyà de Xúquer		Polinyà de Xúquer Ind. Estate

Table 3. Main industrial estates affected.

Source: Consorcio de Compensación de Seguros. Prepared in-house.

Mean cost

The mean cost per claim⁷ for the October 2024 floods has amounted to 23,338 euros⁸, much higher than for other recent floods like those of September 2019 in Alicante and Murcia (9,486 euros) and of September 2023 in Toledo and Madrid (8,698 euros) and comparable only to the average cost for the July 2023 flood in Zaragoza (25,939 euros), which produced extremely sizeable but localised damage to the industrial zones around that city.

⁷ The total compensations paid out (as of 31 December 2024) divided by the claims filed and paid (rejected claims not included).

⁸ Data as of 16 November 2025.

Claims

A huge number of claims were filed in the days following the event. In the first 30 days more than 208,000 claims (6,950 per calendar day) poured in. In the 9 consecutive days between 31 October and 9 November more than 10,000 claims were filed daily, peaking at over 23,000 claims on 7 November, an all-time record for Consorcio.

These extreme circumstances overwhelmed Consorcio's capacity to assess the damage by its regular means and called for special measures.

Solutions implemented

Enlarging Consorcio's team of loss adjusters and technical staff

As a general rule Consorcio uses loss adjustment services hired from loss adjusting firms or free-lance experts, outside partners approved after being vetted to ensure that they meet certain standards of training and experience as specified in Consorcio's hiring policies. Before the Valencia Floods, Consorcio's regular team of collaborators comprised 337 loss adjusters.

The size of the disaster made it necessary for Consorcio to implement, for the first time, its internal emergency loss adjuster hiring procedure, which authorises Consorcio to hire loss adjusters directly without putting them through the vetting and approval process in cases of a catastrophic loss event or exceptional need. By this means 492 new loss adjusters were added. Together with the 337 regular collaborators, they made up an expanded team of 829 insurance adjusters, a number unprecedented in the history of Consorcio but still not enough to take on the daunting task of assessing the damage caused by the floods.

On 13 November 2024, just two weeks after the event, Consorcio and Unespa⁹, on behalf of the private insurance companies, signed a new cooperation agreement for the Valencia Floods arranging for a series of critical measures, including the immediate addition of 2,369 loss adjusters who ordinarily work for the main insurers.

This new procedure and the 2011 Agreement between those same two parties for handling windstorms are two outstanding public-private partnership initiatives in the field of insurance, both in Spain and internationally.

To be able to properly go about their loss appraisal duties, all those new loss adjusters had to go through an initial intensive training course in the extraordinary risk insurance scheme and Consorcio's loss adjustment procedures, and frequent coordination meetings were held to answer questions and standardise the guidelines to be followed.

Supervising the work of that huge network of loss adjusters entailed major efforts by the technical and valuation services of the private insurers and of Consorcio itself, which had to enlarge its staff by temporarily hiring new technical personnel, partially outsourcing services for the least complicated claims, and increasing the staff assigned to manage billing by free-lance adjusters and loss adjusting firms.

Video-adjusting

Because of the impediments to travel in the weeks following the Valencia Floods, Consorcio advised its loss adjusters to make broad use of video-adjusting, either in place of in-person inspections for the most straightforward claims or as an additional tool pending subsequent in-person inspections for the more complicated claims.

⁹ Unespa is the insurers' business association. Most of the insurance companies operating in Spain are members.

To that end, a video-adjusting platform was placed at the disposal of the entire loss adjustment network free of charge for extensive use across the board.

Advance payments

The entire network of loss adjusters was told that Consorcio's strategic goal was for them to issue adjustment reports immediately, on a mass scale, after verification of the insurance policies and a very preliminary estimate of the value of the loss, without need of an in-person inspection, so that advance payments could be paid out against the final settlements for claims that would otherwise not be able to be settled quickly.

The loss adjusters were advised to apply the objective guideline of making advance payments of no less than 80% of the sum insured contents for single-story homes or 50% for two-story homes when floodwater height had been above one metre. For storerooms at or below ground level, the recommendation was for interim payment of the indemnity sublimit set in the policy or a minimum of 500 euros where no sublimit had been set when floodwater height had been more than half a metre.

Adjusting prices for inflation

Loss adjusters were advised to use price tables that were widely employed in the region (e.g., the CYPE price generator or the *Instituto Valenciano de la Edificación* [Valencia Building Institute] Construction Database) plus 20% in anticipation of the inflation that would follow on the overload of work at repair shops.

Resolution of questions in favour of the insured

Where reasonable differences in interpretation concerning loss adjustment issues or insurance policies arose, loss adjusters were reminded that Consorcio's traditional policy was to accept the interpretation most favourable to the interests of the insured party concerned. Specifically, loss adjusters were issued a standard declaration of responsibility to be filled out by the insured in the hardest hit areas in cases where the belongings claimed had gone missing or could not be retained before the loss adjuster's inspection and adequate supporting documents were not available. Loss adjusters were told that Consorcio accorded those statements a presumption of truthfulness.

Loss adjusting for residential complexes

The above-mentioned cooperation agreement between Consorcio and Unespa and the insurers was without a doubt crucial to being able to expedite damage appraisals, even though it added a certain layer of complexity to the assessments.

There are often two insurance policies covering the building structure in the case of residential complexes: on the one hand the policy taken out by the homeowners association, and on the other the private policies taken out by each owner or tenant. For that reason, damage to the units, garages, and storerooms of a single complex should preferably be appraised by a single loss adjuster or loss adjusting firm to ensure that losses are neither omitted nor duplicated and that the entire sum insured is taken into account if the rule of proportional insurance has to be applied in cases of underinsurance.

In this case, appraisal by a single adjuster was not always possible, because Consorcio might assign a loss adjuster for the claims that it was processing directly while the private insurers might assign their own adjusters for claims that had been allocated to them, all at the same building.

As a result, the following loss apportionment policy was implemented:

Where the homeowners association had taken out an insurance policy:

- The claim under the homeowners association's policy covered damage to common areas and the structure of units not covered by their own private insurance policy.
- For units covered by a separate structural damage policy, structural damage to those units was included under the corresponding individual claims.

Where there was no homeowners association insurance policy:

- The pro-rata share of structural building damage to common areas was added to the structural damage to the individual units for each separate claim filed under the private insurance policies.
- Units without a private insurance policy were not covered and neither was their pro-rata share of damage to common areas.

This enabled us to improve processing when there was double insurance and helped prevent losses from being omitted or duplicated.

Simplifying the assessment of loss of use

A procedure to simplify assessments of loss of use of homes was also implemented, enabling loss adjusters to calculate the applicable period based on the severity of the damage to the property and the estimated duration of repairs without requiring the insured to submit supporting documents concerning the cost of rentals.

Loss adjusters were also advised to increase the duration of their estimates of the period of loss of use by two months to account for processing delays not ascribable to the insured. They were issued a table of rental prices drawn up by Consorcio based on market prices from before the Valencia Floods, increased by 20% in anticipation of inflation in the wake of the disaster.

Adjusting the minimum value of vehicle write-offs

The minimum value of motor vehicle write-offs for purposes of compensation was taken as the value for each make, model, version, and year listed in the Used Motor Vehicle White Book published by GANVAM¹⁰ plus 20% for anticipated inflation in the used vehicle market.

Subtracting the residual value of certain vehicles

Compensations for write-offs are calculated by subtracting the residual value of the vehicle after the loss from the vehicle's pre-loss value. Because of the drop in the residual values as a result of saturation of government approved vehicle scrap yards (CAT for its Spanish initials), it was decided not to subtract the residual value if the vehicle's market value was less than 10,000 euros or when the vehicle had been taken to any of the collection points opened by the authorities for scrapping and was not available for retrieval by the owner.

¹⁰ GANVAM is the *Asociación Nacional de Vendedores de Vehículos a Motor, Reparación y Recambios* [National Association of Motor Vehicle Dealers, Repairs, and Spare Parts]. The Association regularly releases its widely accepted White Book with used vehicle sales prices.

Vehicle triage at the scrap collection points

Tens of thousands of vehicles appeared swept away by the waters on 30 October and were left scattered in disarray on the roadways, highways, pavements, parks, fields, and watercourses in the hardest hit areas, tens or hundreds of metres from where they had been parked. In the days following the disaster, the police and security forces, government authorities, and insurers began to remove those vehicles from the roadways using heavy machinery and breakdown trucks in an effort to clear the streets of cities and towns for transit in the shortest possible time.



Image 12. Vehicles washed away by the waters.
Source: Consorcio de Compensación de Seguros.

Initially the vehicles were removed from the roadways and provisionally piled up hastily in nearby areas. In the months that followed, the vehicles were transferred to the scrap collection points opened by the authorities or, if the collection points were full, to the surrounding streets. The severity of the damage, the unheard of number of vehicles involved, and the need to act quickly meant that this was done haphazardly with inadequate record-keeping and not always done with the knowledge of the vehicles' owners.



Image 13. Municipal collection point in Sedaví.
Source: Consorcio de Compensación de Seguros.

In these circumstances Consorcio de Compensación de Seguros began receiving tens of thousands of claims for vehicles whose whereabouts no-one, not the owner, not the insurer, not Consorcio itself, knew. But they had to be located to be able to determine the cause of the loss and appraise the damage.

Consorcio made arrangements to address this extremely complicated situation as follows:

- An application for taking inventory of and georeferencing the vehicles at the collection points was developed taking the registration plate or the vehicle identification number where the registration plate were missing as input. Photographs showing vehicle condition were taken, and the condition was classified in one of three categories: write-off, repairable, or uncertain.
- Starting on 11 November, 90 technical personnel were assigned to inventory all the vehicles on hand at the collection points, a task that took six months.
- The inventory of vehicles on the triage application was cross-checked against the claims that had been filed daily, and when a match was found, the triage data were added to the claim file for use by the loss adjuster who had been assigned to make the final appraisal of the loss.
- Based on the available data, loss adjusters could confirm write-offs, in which case an immediate appraisal of the loss was issued. Or if deemed necessary, thanks to the georeferencing by the triage technicians, loss adjusters could inspect the vehicles that were repairable or potentially repairable.

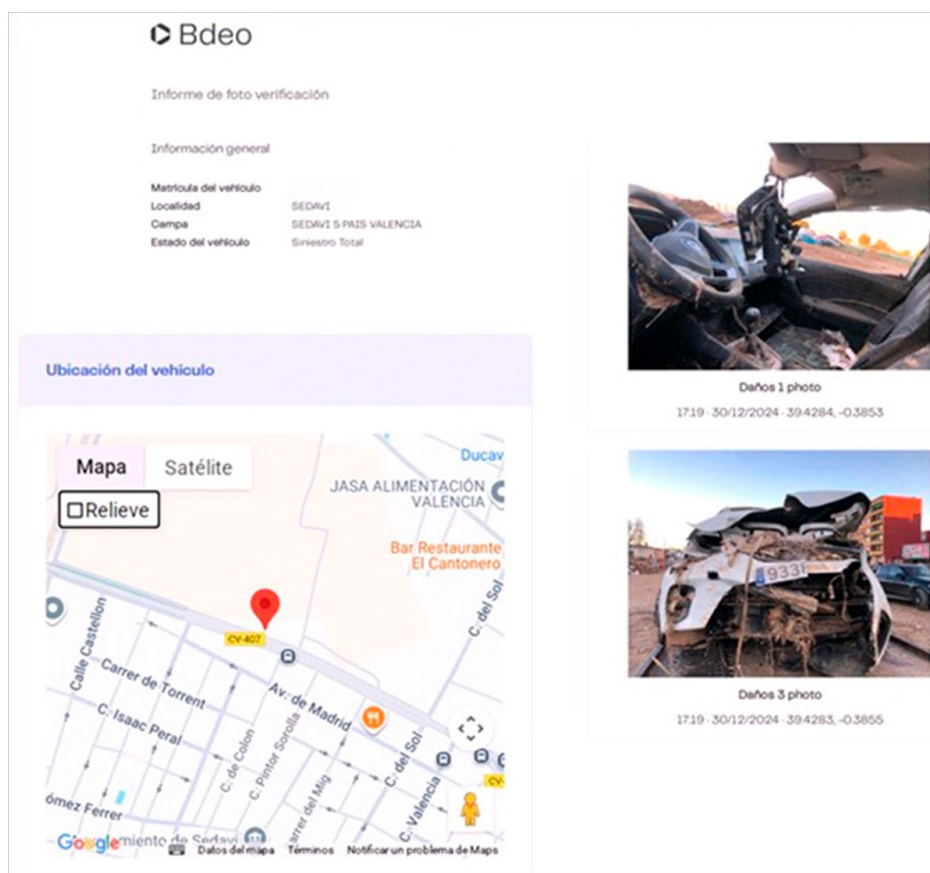


Figure 1. Specimen triage report.
Source: Bdeo.

This novel procedure worked well and was able to bring order and clarity to an exceptionally muddled situation. A total of 78,109 triages were performed, resulting in 69,305 vehicles (88.7%) preliminarily classified as write-offs, 2,469 as repairable, and 6,335 as uncertain. In addition, all this valuable information was made available to the different government authorities because of its obvious usefulness in managing the Valencia Floods.

Lessons learned

The severity of the losses produced by the floods has in many cases pushed the sums insured to their limits and has brought to light more than a few issues connected with the insurance policies. In resolving these issues, efforts have been made to favour the insured insofar as possible whenever there have been reasonable interpretations of the policy that benefit the insured.

Some of the deficiencies disclosed are:

- Underinsurance and application of the rule of proportional insurance¹¹.
- Inaccuracies, omissions, and errors in defining the risk or in the scope of the insurance coverage.
- Conditions of insurance of industrial machinery at actual value¹² that in all cases or in the case of machinery with a certain length of time in service result in lower indemnities for write-offs due to depreciation.
- In floating insurance policies¹³, errors in or omission of reporting of actual monthly inventories by the insured and subsequent adjustment of the premium by the insurer, with the resulting reduction in the sum insured and possible application of the rule of proportional insurance.
- Insufficient business interruption insurance penetration in the industrial sector.

As of this writing 99.0% of motor vehicles and 98.1% of homes, together with a large proportion of businesses, warehouses, and other similar risks (94.6%) and industrial risks (89.7%) have been appraised; but a substantial portion of the most complicated and costly claims accounting for 21% of the total expected cost of overall losses are still in the adjustment phase¹⁴.

The assessments still pending are the most complex and severe business interruption claims, because we have had to wait for the period of impact to end for the insured or the loss adjusters they have appointed to be able to suitably document the losses sustained.

At the same time, there are still missing motor vehicles for which there is no evidence that can be used to establish the cause and value of the loss.

The time periods needed to assess the losses are definitely longer than for other losses caused by extraordinary risks. The delay has in many cases been due to the extremely high workload burden on Consorcio's collaborating loss adjusters and on its own supervisory and control services. Other reasons have been the complexity of many of the losses, the extended periods of business interruption, and the heavy workload on the loss adjusters appointed by the insured.

¹¹ Consorcio does not invoke the rule of proportional insurance where the shortfall in the sum insured calculated by the loss adjuster does not exceed 30% of the sum insured for homes and small businesses or 15% for industrial plant and large retail outlets.

¹² The actual value of an asset is its replacement value less depreciation for its state of use or obsolescence immediately prior to the loss.

¹³ Floating insurance policies are commonly used in Spain and are suitable for insuring industrial or merchant inventories that can fluctuate appreciably. A fixed or minimum sum is specified at the start of the annual premium period. At the close of each month, the insured are to report their actual inventories during the month; the insurer, in turn, is to issue the corresponding adjusted premiums quarterly or as otherwise specified. Lastly, for each adjustment period the insured must pay any additional premiums owed depending on the excess above the fixed sum.

¹⁴ Data as of 16 November 2025.

Extraordinary risks inherently include an uncertainty component, and unfortunately there are no measures that can be taken to completely ward off these risks. Every so often nature sends us a wake-up call that catastrophic events that eclipse all projections and outstrip the preventive measures that have been taken will always be with us. The scientific consensus is that extreme hydrometeorological phenomena are going to become stronger and more frequent in the future. This makes it necessary to reduce exposure and vulnerability by taking measures at different levels, from urban planning to self-protection measures by the insured at their homes, businesses, and industrial facilities, including increasing the level of insurance coverage and improving insurance policies to enhance their precision and make them better suited to each specific risk.

The insured need to take out insurance policies with sums insured that are sufficient, and they must keep those policies up to date in terms of both their covers and the sums insured and the limits of indemnity. Insurers themselves and insurance intermediaries have a big role to play in this, and their involvement and advice are important.

The October 2024 floods have showcased the value of teamwork, all the more necessary the more complex the task. It has also shown that no single organisation is capable of handling this type of loss event alone. Finally, it has demonstrated that strengthening and improving public-private partnership is the best way to dependably tackle future disasters.

Fortunately, Spain's system of coverage of extraordinary risks has proven to be robust and resilient, and we most assuredly have reason to be confident and optimistic about our ability to cope with new challenges as they arise.

Comparison between the October 2024 Valencia Floods and the Main Flood Events in the Time Series for the Period 1971 to 2024

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Introduction

This article compares the main figures for the flooding caused by the cut-off low (DANA¹) in Valencia in October 2024 to those for the other major floods of the historical data series of Consorcio de Compensación de Seguros (CCS) in the coverage of extraordinary risks.

The criteria used to determine the figures for the number of claims and the economic amounts of compensation shown in this article — both for the 2024 Valencia flood and for other flooding events — ensure that the different events are comparable with one another and that the information is useful for decision-making and efficient risk management.

The data in this article may differ from other analyses of the 2024 Valencia Floods carried out by CCS, which, pursuing different objectives, adopt other approaches.

Specifically, for the purposes of this article, regarding the number of claims, only those that have resulted in payment or in provisions for losses pending settlement or payment are taken into account, excluding those that have been rejected or cancelled; and, as for compensation, the amounts recorded include payments made and provisions pending settlement and payment, updated to constant euros as at 31/12/2024.

It is intended to highlight the similarities and differences between the recent floods and earlier ones in terms of vulnerability and certain management parameters.

The 10 largest Floods in the time series for the period 1971-2023 compared to the October 2024 Valencia Floods

We have selected the largest flood events in the historical time series for the past 54 years based on the data published in “Statistics. Extraordinary Risks. Data Series for 1971-2024”, available on the CCS website.



The October 2024 Valencia Floods are special and differ from the other floods covered by CCS over its lifetime. Their losses are unprecedented in terms of both the number of claims and the compensations paid.

¹ DANA” is a Spanish acronym for “Depresión Aislada en Niveles Altos”, meaning cut-off low.

The 10 largest flood events in the CCS's available data series are set out below in chronological order, leaving the 2024 Valencia Floods aside for later consideration:

Amounts in euros as of 31 December 2024

Order No.	YEAR of occurrence	MONTH of occurrence	Place of occurrence	No. of Claims	COMPENSATIONS	MEAN COST
1 st	1982	October	Valencia Region	9,136	270,742,531	29,635
2 nd	1983	August	Basque Country	25,664	1,004,654,201	39,146
3 rd	1987	November	Valencia Region	18,800	354,558,254	18,859
4 th	1989	November	Andalusia and Valencia Region	7,548	198,410,515	26,287
5 th	1997	June	Basque Country	5,701	135,480,529	23,764
6 th	2000	October	Valencia Region and Murcia Region	8,939	123,556,509	13,822
7 th	2007	October	Valencia Region	10,790	116,938,110	10,838
8 th	2012	September	SE Mainland Spain	25,650	268,054,435	10,450
9 th	2019	September	SE Mainland Spain	56,510	536,059,462	9,486
10 th	2023	September	Toledo Province and Madrid Region	20,234	175,996,613	8,698
TOTAL				188,972	3,184,451,160	16,851

Table 1.

To interpret the data properly, the following should be taken into account:

- The number of claims is the number of claims recorded net of claims cancelled and rejected.
- The compensations are the total sums paid out and set aside as provisions pending settlement and payment.
- Losses include the three types of losses covered by the CCS: property damage, business interruption, and personal injuries.
- The coverage offered has not been uniform over the entire data series considered. Specifically, the differences for floods are:
 - i. Until 1987 indemnities included direct losses produced by rainfall, which were excluded following the approval of the first Extraordinary Risks Regulation under Spanish [Royal Decree 2022/1986](#), of 29 August, which entered into force on 1 January 1987. Therefore, the losses for the first two events selected include coverage of rain damage.
 - ii. Coverage of business interruption was added to the CCS's system of extraordinary risk covers on 25 February 2004, the date of entry into force of the second Extraordinary Risks Regulation enacted by [Spanish Royal Decree 300/2004](#), of 20 February. Therefore, this cover is included in the last four events but not in the earlier events.
 - iii. Coverage through the life insurance line (exclusively or primarily death) was added by the Spanish [Royal Decree 1265/2006](#), of 8 de November and is included in the last four flood events considered.
 - iv. The deductibles applied by CCS have also varied over the time period considered. Information on changes in the deductibles is available in [issue 18 of CCS's Digital Magazine](#).

- v. Final Provision Three in the Spanish Insurer and Reinsurer Management, Supervision, and Solvency Act [[Royal Decree 1060/2015](#)], of 20 November added a compulsory surcharge for the motor third-party liability insurance line, impacting the last two events.

These differences in coverage should be noted but do not detract from the validity of the comparison of the different flood events either among themselves or with the October 2024 Valencia Floods. Furthermore, as stated in the tables, all values have been updated, that is, expressed in current euros as of 31 December 2024.

The events listed in Table 1 have been ranked in order of total indemnities below:

Amounts in euros as of 31 December 2024

Order No.	YEAR of occurrence	MONTH of occurrence	Place of occurrence	No. of Claims	COMPENSATIONS	MEAN COST
1 st	1983	August	Basque Country	25,664	1,004,654,201	39,146
2 nd	2019	September	SE Mainland Spain	56,510	536,059,462	9,486
3 rd	1987	November	Valencia Region	18,800	354,558,254	18,859
4 th	1982	October	Valencia Region	9,136	270,742,531	29,635
5 th	2012	September	SE Mainland Spain	25,650	268,054,435	10,450
6 th	1989	November	Andalusia and Valencia Region	7,548	198,410,515	26,287
7 th	2023	September	Toledo and Madrid Region	20,234	175,996,613	8,698
8 th	1997	June	Basque Country	5,701	135,480,529	23,764
9 th	2000	October	Valencia Region and Murcia Region	8,939	123,556,509	13,822
10 th	2007	October	Valencia Region	10,790	116,938,110	10,838
TOTAL				188,972	3,184,451,160	16,851

Table 2.

The data for the floods in question using the same criteria as above are:

Amounts in euros as of 31 December 2024

Order No.	YEAR of occurrence	MONTH of occurrence	Place of occurrence	No. of Claims	COMPENSATIONS	MEAN COST
11 th	2024	October	Valencia Region	209,470	4,964,113,446	23,689

Table 3.

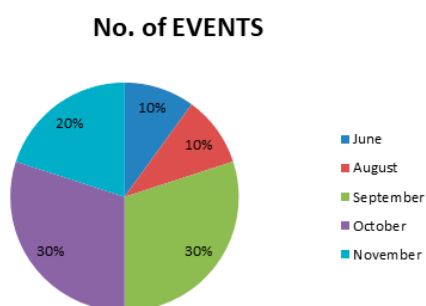
Based on this information it can be noted that:

- a. Comparing the most costly event in Table 2 (the 1983 flood in the Basque Country) with the 2024 Valencia Floods, the compensations paid out for the latter were 394% higher. This evidences the economic efforts CCS has had to make to cover the 2024 floods and the destructive power of the event.
- b. Comparing the flood event with the most claims in Table 2 (the flood in southeast Mainland Spain of 2019), with the 2024 Valencia Floods, the total claims filed for the latter were 271% higher. This evidences the enormous claim handling work CCS has had to put in to cover this flood.

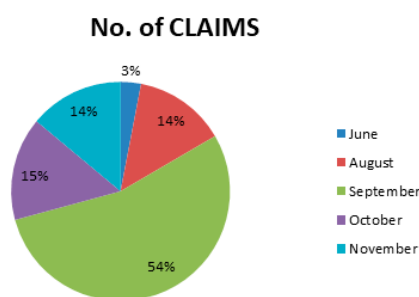
- c. Comparing the number of claims and compensations paid out for all 10 floods in Table 2, with the 2024 Valencia Floods, the number of claims filed for the latter was 11% higher and the total compensations paid out were 56% higher than all 10 combined. This evidences the scale of the 2024 floods.
- d. Looking at the mean costs, that of the Valencia Floods (23,698 euros) was higher than the average for the 10 floods in Table 2 (16,851 euros) but was lower than for 4 of the earliest floods (the 1982 Valencia Region flood, the 1983 Basque Country flood; the 1989 flood in Andalusia and Valencia Region, and the 1997 Basque Country flood).
- e. Geographically, seven of the ten events selected involved the Valencia Region. The “Statistics. Extraordinary Risks. Data Series for 1971-2024” has published a spread sheet with the geographical breakdown of the 2024 Valencia Floods by post code, [available on the CCS website](#).
- f. The month of occurrence in 80% of these events was September, October, or November, and those events accounted for 83% of claims and 64% of compensations paid. The highest mean cost was for the 1983 Basque Country flood that took place in August.

MONTH	No. of EVENTS	No. of CLAIMS	COMPENSATIONS	MEAN COST
June	1	5,701	135,480,529	23,764
August	1	25,664	1,004,654,201	39,146
September	3	102,394	980,110,510	9,572
October	3	28,865	511,237,150	17,711
November	2	26,348	552,968,769	20,987
	10	188,972	3,184,451,160	16,851

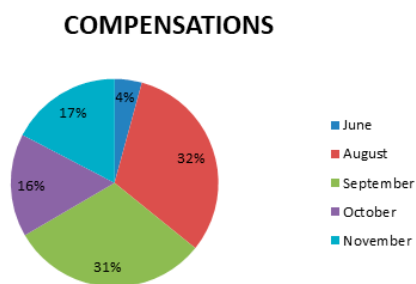
Table 4.



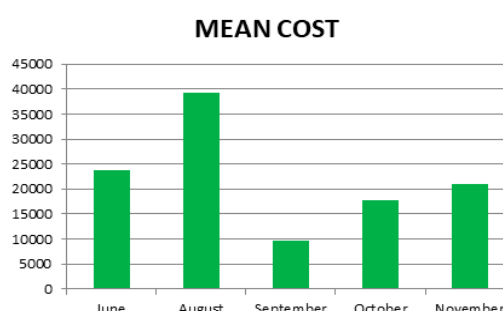
Graph 1.



Graph 2.



Graph 3.



Graph 4.

The number of claims and the total compensations for events that have taken place in October will climb sharply when the 2024 Valencia Floods are added.

MONTH	No. of EVENTS	No. of CLAIMS	COMPENSATIONS	MEAN COST
June	1	5,701	135,480,529	23,764
August	1	25,664	1,004,654,201	39,146
September	3	102,394	980,110,510	9,572
October	4	238,335	5,475,350,596	22,973
November	2	26,348	552,968,769	20,987
	11	398,442	3,184,451,160	16,851

Table 5.

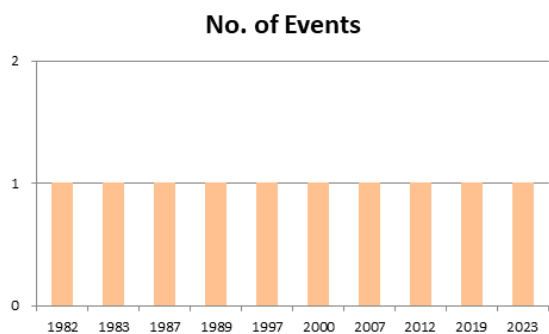
g. To analyse annual occurrence the data for the 10 events have been grouped by 10-year periods, and this appears to show that following a decrease in the number of claims and total compensations in 1990-1999 and 2000-2009, losses have risen starting in 2010. The rise for the number of claims was steeper than for total compensations, since the mean cost has clearly followed a downward trend.

This uptick can be expected to be still higher when the data for the 2024 Valencia Floods have been added and depending on what happens in the remaining years of the 10-year period for 2020-2029.

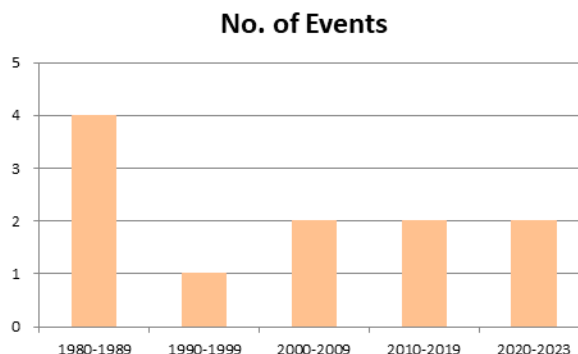
DECADE	No. of EVENTS	No. of CLAIMS	COMPENSATIONS	MEAN COST
1980-1989	4	61,148	1,828,365,501	29,901
1990-1999	1	5,701	135,480,529	23,764
2000-2009	2	19,729	240,494,619	12,190
2010-2019	2	82,160	804,113,898	9,787
2020-2023	1	20,234	175,996,613	8,698
	10	188,972	3,184,451,160	16,851

Table 6.

No single year in the time series of events considered has had more than one major flood, but there have been 10-year periods with up to four of the most severe events:

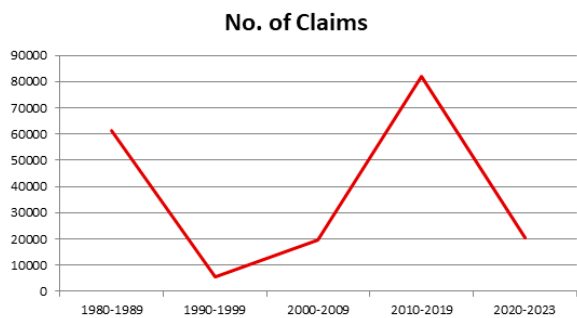


Graph 5.

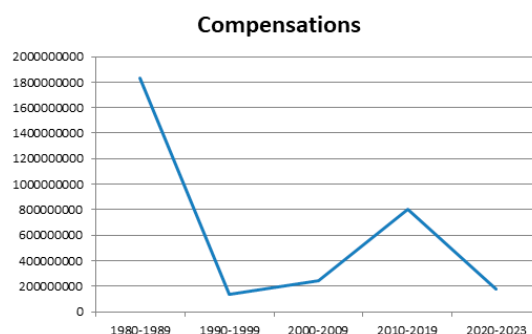


Graph 6.

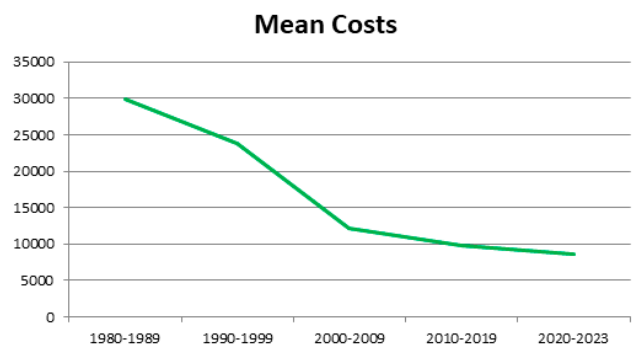
The main data have been plotted graphically by 10-year period below:



Graph 7.



Graph 8.



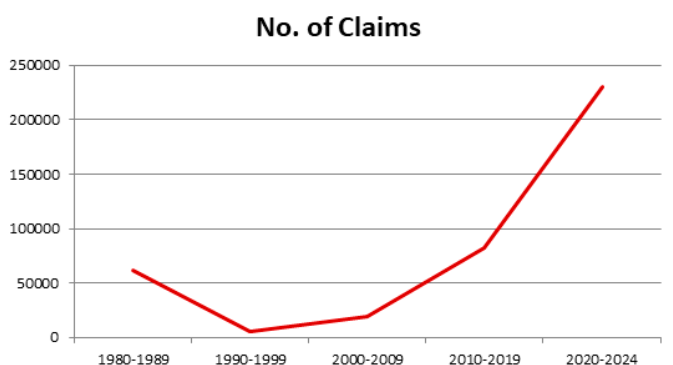
Graph 9.

Adding the data for the 2024 Valencia Floods yields the following values for the time series:

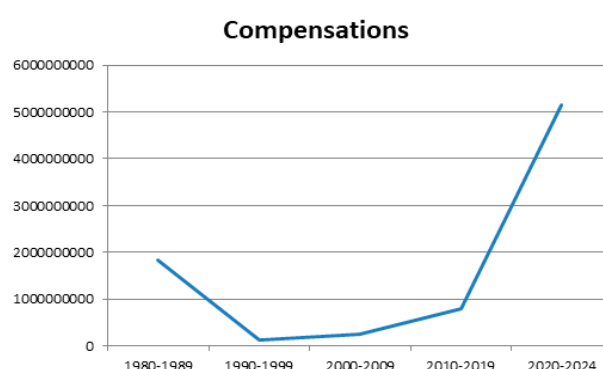
DECADE	No. of EVENTS	No. of CLAIMS	COMPENSATIONS	MEAN COST
1980-1989	4	61,148	1,828,365,501	29,901
1990-1999	1	5,701	135,480,529	23,764
2000-2009	2	19,729	240,494,619	12,190
2010-2019	2	82,160	804,113,898	9,787
2020-2023	2	229,704	5,140,110,059	22,377
	11	398,442	8,148,564,606	20,451

Table 7.

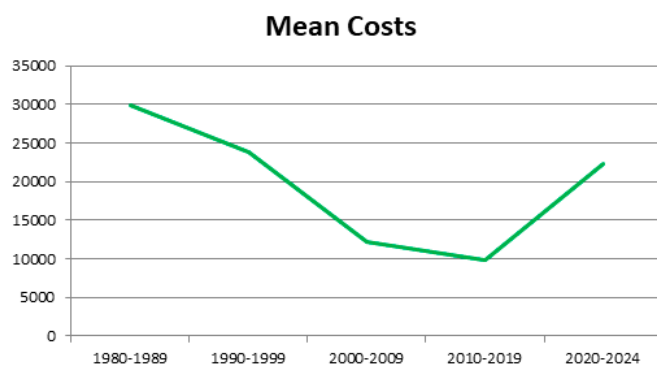
When the 2024 Valencia Floods data are added, the three graphs shown above look like this:



Graph 7 bis.



Graph 8 bis.



Graph 9 bis.

The 6 largest Floods in the time series for the period 1996-2023 compared to the October 2024 Valencia Floods

The last 6 of the 10 events discussed above have been separated out for further consideration, because more detailed data are available for these more recent events following installation of a computerised large event claim management system in 1996.

For instance, this system lets us break losses down by risk class (homes, offices, businesses, etc.).

The data for these six floods are:

Amounts in euros as of 31 December 2024

Order No.	YEAR of occurrence	MONTH of occurrence	Place of occurrence	No. of Claims	COMPENSATIONS	MEAN COST
1 st	1997	June	Basque Country	5,701	135,480,529	23,764
2 nd	2000	October	Valencia Region and Murcia Region	8,939	123,556,509	13,822
3 rd	2007	October	Valencia Region	10,790	116,938,110	10,838
4 th	2012	September	SE Mainland Spain	25,650	268,054,435	10,450
5 th	2019	September	SE Mainland Spain	56,510	536,059,462	9,486
6 th	2023	September	Toledo Province and Madrid Region	20,234	175,996,613	8,698
TOTAL				127,824	1,356,085,659	10,609

Table 8.

An aggregated breakdown by risk class is shown below:

Amounts in euros as of 31 December 2024

RISK CLASS	No. of Claims	%	Compensations	%	Mean Costs
Personal injury	24	0.0	1,171,233	0.1	48,801
Residential properties	75,281	58.9	564,651,096	41.6	7,500
Offices	867	0.7	40,083,814	3.0	46,233
Commercial properties	13,386	10.5	321,319,171	23.7	24,004
Industrial risks	3,036	2.4	224,547,069	16.6	73,961
Motor vehicles	35,162	27.5	169,564,317	12.5	4,822
Civil works	68	0.1	34,748,959	2.6	511,014
TOTAL	127,824	100	1,356,085,659	100	10,609

Table 9.

For the 2024 Valencia Floods, those same data are:

For the 2024 Valencia DANA, those same data are:

RISK CLASS	No. of Claims	%	Compensations	%	Mean Cost
Personal injury	184	0.1	9,484,000	0.2	50,543
Residential properties	59,252	28.3	1,069,221,717	21.6	18,045
Offices	828	0.4	54,740,010	1.0	66,111
Commercial properties	12,623	6.0	1,321,525,720	26.6	104,692
Industrial risks	4,197	2.0	1,256,543,692	25.3	299,391
Motor vehicles	132,357	63.2	1,200,308,231	24.2	9,069
Civil works	29	0.0	41,500,570	0.8	1,431,054
Associated expenses	-	-	10,789,505	0.2	-
TOTAL	209,470	100	4,964,113,446	100	23,698

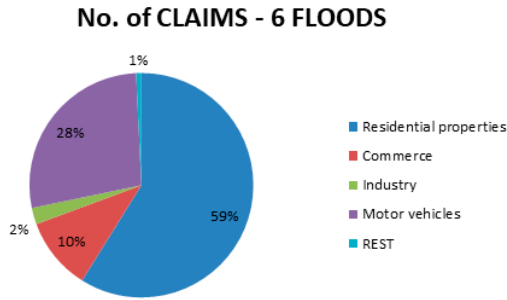
Table 10.

Comparing these two tables reveals certain apparent differences, summarised below:

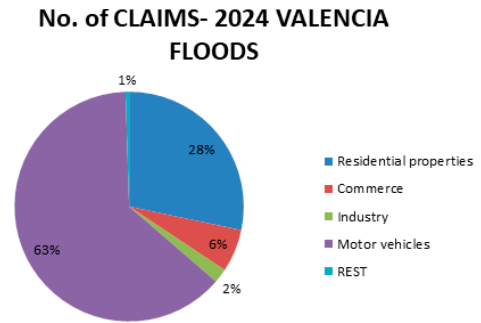
- The number of personal injury victims was 667% higher for the 2024 Valencia Floods than for all of the 6 largest previous floods combined.
- The breakdown of the number of claims by risk class shows that for the last 6 floods the most claims were for damage to homes, while for the 2024 Valencia flood the largest number of claims was for vehicles. However, claims for homes plus vehicles combined and for businesses plus industrial plant combined were relatively comparable, as shown in the following table:

No. of CLAIMS	6 FLOODS	2024 VALENCIA FLOODS
HOMES + VEHICLES	86%	91%
COMMERCE + INDUSTRY	13%	8%
REST	1%	1%
TOTAL	100%	100%

Table 11.



Graph 10.



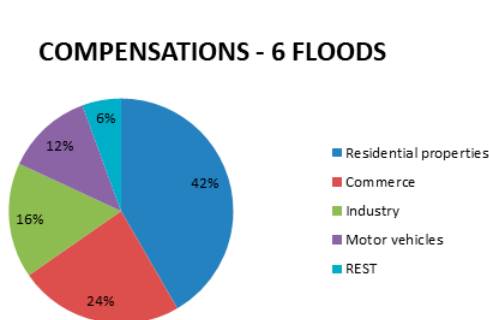
Graph 11.

- Compensations by risk class for the 6 largest earlier floods were again highest for homes, but for the 2024 Valencia Floods indemnities were spread nearly evenly among homes, businesses, industrial plant, and vehicles.

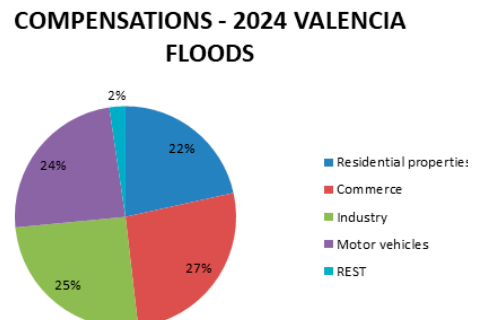
COMPENSATIONS	6 FLOODS	2024 VALENCIA FLOODS
HOMES + VEHICLES	54%	46%
COMMERCE + INDUSTRY	40%	52%
REST	6%	2%
TOTAL	100%	100%

Table 12.

For the 6 largest earlier floods, 13% of claims were for businesses plus industrial plant, which accounted for 40% of compensations, while for the 2024 Valencia Floods 8% of claims were for business plus industrial plant accounting for 52% of compensations, highlighting the vulnerability of these categories of risk in the floods considered.

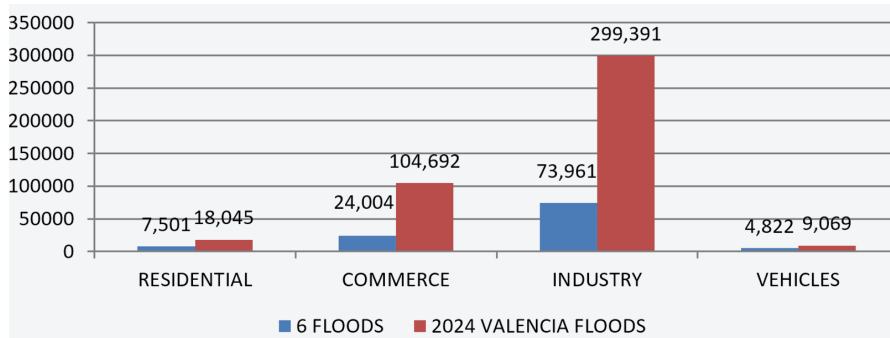


Graph 12.



Graph 13.

- Analysing the mean cost per claim by risk class shows the values for the 2024 Valencia Floods to be appreciably higher, partly because of measures involving reducing deductibles and rising vehicle valuations taken by CCS, but most of all because of greater vulnerability to exposure. A plot comparing the average costs is shown below:



Graph 14.

The percentage increase in mean cost by risk class for the 2024 Valencia Floods compared to the 6 previous floods considered was:

MEAN COST	INCREASE IN 2024 VALENCIA FLOODS COMPARED TO THE 6 FLOODS
RESIDENTIAL PROPERTIES	141%
COMMERCE	336%
INDUSTRY	305%
VEHICLES	88%
REST	41%
TOTAL	123%

Table 13.

Finally, times for filing claims with CCS after the event have been compared for the 2024 Valencia Floods and earlier floods.

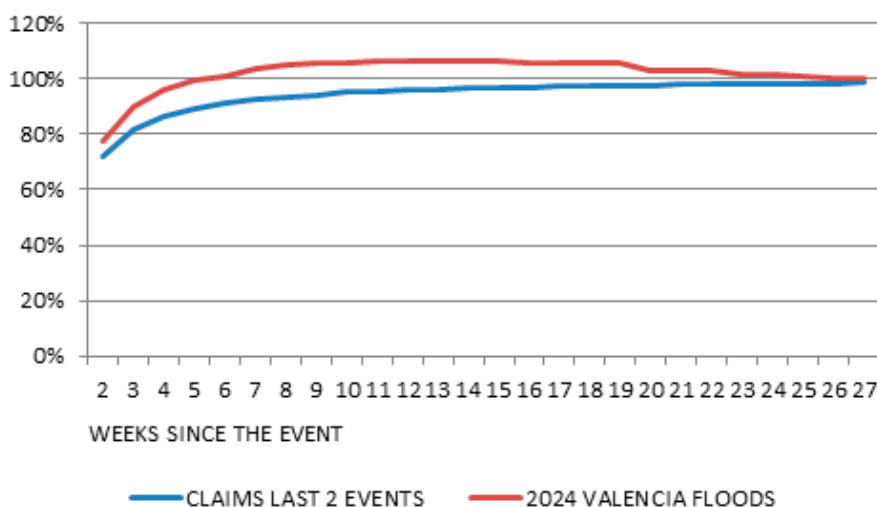
For the earlier floods, we have taken the last two events, namely:

- SE Mainland Spain in September 2019 and
- Toledo Province and Madrid Region in September 2023.

And the Valencia Floods.

In the plot shown below we can see that filing times were shorter for the 2024 Valencia Floods even though the number of claims was much higher. The main reason for this was a series of measures taken by CCS to make it easier to file claims.

For instance, as shown in the following plot of filings by week, 78% of total claims had been filed for the 2024 Valencia Floods by the end of week 2 compared with 68% for the other two cut-off low-related flood events.



Graph 15.

In some weeks, the total claims filed for the 2024 Valencia Floods were greater than 100% of the final total. This was because there was duplicate processing of claims due to the special nature of this event, though this was corrected as the weeks went by.

Other data on the October 2024 valencia floods

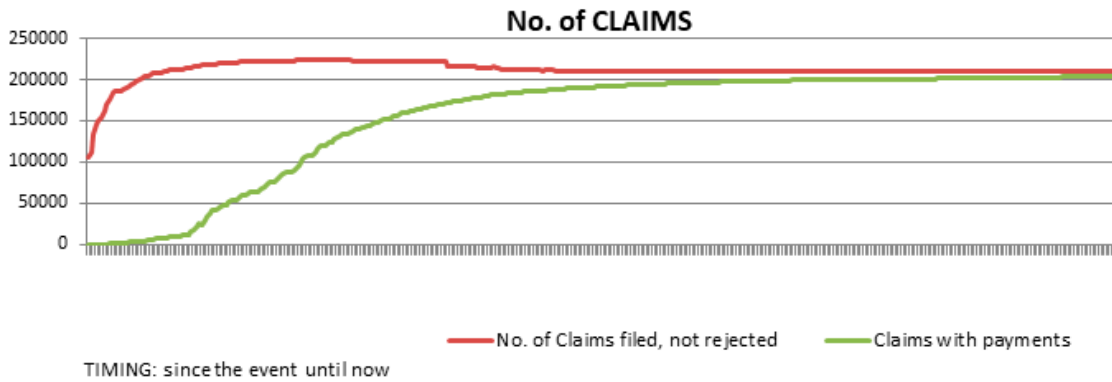
The CCS publication [“Statistics. Extraordinary Risks. Data Series 1971-2024”](#) available on CCS website contains additional information on:

- Losses (number of claims and compensations) by insurance line, i.e., property damage, business interruption and personal injury.
- Losses by risk class were broken down further, e.g., by industrial sector, namely, the food, automobile, electricity, paper manufacturing, and chemical sectors, etc., and the same has been done for other basic risk categories.
- There is a spread sheet in the “Statistics. Extraordinary Risks. Data Series 1971-2024” giving a breakdown by risk class and post code concerned.

To conclude, below are some figures depicting some data on the 2024 Valencia Floods from the time it occurred up to the present:

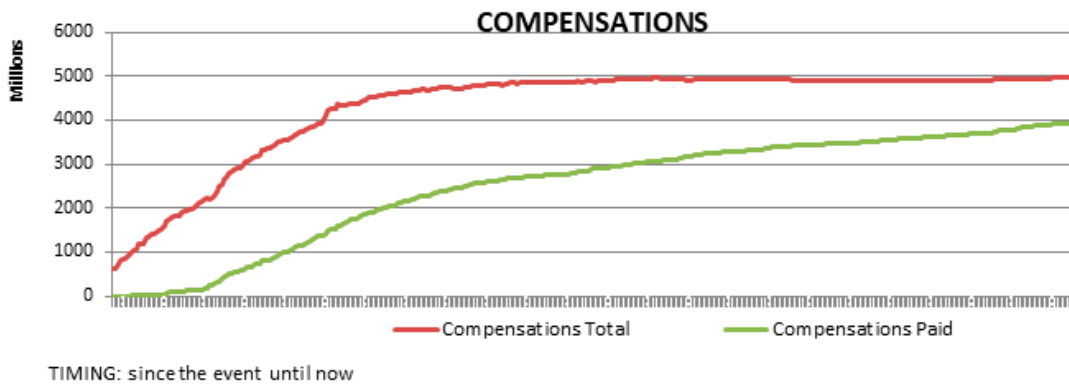
The first plot shows the number of claims filed over time and the number of claims resulting in payouts.

It can be seen that as already mentioned above, a massive number of claims came in during the first weeks. As the losses were assessed, payouts began, and at this time payouts are still pending for only a small percentage of claims.



Graph 16.

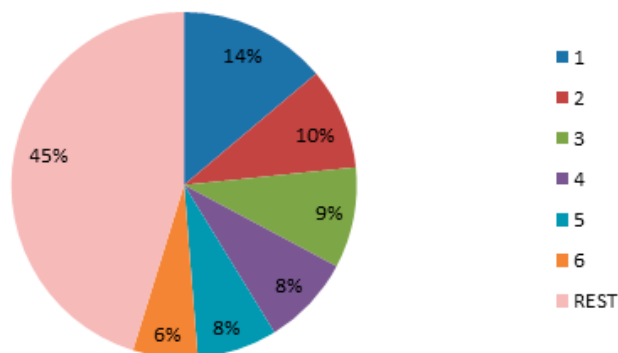
The percentage of the compensations paid for the 2024 Valencia Floods has reached 80% of the total at the time of writing. The 20% remaining involve just 4% of the claims, in the main large insured losses that entail lengthy loss adjustment procedures.



Graph 17.

Policies issued by six insurers or insurance groups have accounted for 55% of the losses (4,964 million euros), with CCS paying out compensations amounting to between 300 and 687 million euros for each of the six.

INSURANCE COMPANIES PERCENTAGE DISTRIBUTION



Graph 18.

Conclusions

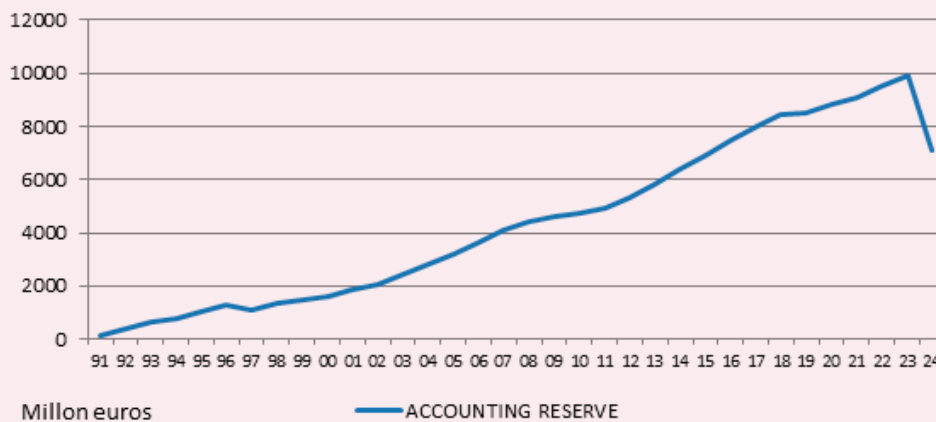
The October 2024 Valencia Floods are special and differ from the other floods covered by CCS over its lifetime. Their losses are unprecedented in terms of both the number of claims and the compensations paid.

Far from jeopardising the system of coverage of extraordinary risks by CCS, this event has showcased its strengths, in that:

- i. CCS has proved to have sufficient funds to cover large events without having to resort to outside financing, and the entity has not had to increase its surcharge rates in 2025 or 2026;
- ii. CCS has shown itself to have the requisite resolve and capacity to be able to handle large numbers of claims, either directly or with assistance from the industry, reaffirming the insurance sector’s role in our country.

The condition of the equalization reserve set aside from CCS’s general activities, including the extraordinary risk cover, over the course of the past 34 years provides further evidence of this:

GENERAL ACTIVITY EQUALIZATION RESERVE



Graph 19.

The View from Valencia

Luis Delibes Senna-Cheribbo

Regional Representative of Consorcio de Compensación de Seguros in the Region of Valencia

The Regional Branch of Consorcio de Compensación de Seguros (CCS) in Valencia plays a crucial role in managing extraordinary risks, especially with regard to flooding. This is because the Region of Valencia is one of the areas most affected by this type of events in Spain.

On 29 October 2024, Valencia experienced the most significant loss event in the history of Consorcio. At that time, the office was closed due to refurbishment works, and the staff was working from home. Most of the furniture had been placed in a storage facility, which was also affected by the flood. Nevertheless, despite the difficulties, the team reacted quickly, and the office was made operational the following day, as the priority was to assist those affected, listen to them, inform them, and support each person.

The regional branch team, like Valencian society as a whole, felt a special connection and solidarity with the victims, those affected, and those harmed by this major catastrophe. As residents of Valencia, we shared the pain and suffering of those affected, while also being fully aware of our responsibility: after the rescue phase, recovery would come, and it would be time for Consorcio to act.

On the very day of the 29 October 2024 cut-off low-related floods, the Direction of Operations was informed, the affected areas were confirmed, and loss reports were commissioned from expert offices. It was also noted that travel was impossible at that moment and that the event would continue the following day. Furthermore, special attention was drawn to potential overflowing. Finally, once the loss reports were received, estimates would be updated and the call centre would be informed.

On the 30th, the regional branch office was opened to the public: it was now possible to provide in-person assistance, safely and without difficulty.

From then on, plenty of suggestions, proposals, initiatives, and organisational measures were shared, all aimed at strengthening customer service and claims-handling teams. In my view, what stands out above all was the clarity and sound judgement in recognising this as a unique opportunity for the Spanish insurance sector to show unity.

Managing such an overwhelming volume of claims generates a massive workload for the regional office of origin: numerous processes on the claims handler's desktop, many emails to be dealt with or forwarded, online document



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submission, provisional reports, loss adjuster notifications, and queries from brokers and policyholders. In short, these initial tasks are the responsibility of the regional office of origin, although they were subsequently distributed through shared management among the other regional offices. The result is a demanding pace of work, to which must be added the need to check for duplicate entries, the response to requests with deadline, and the correction of registration mistakes.



The distribution of files among the various participating units has been essential to resolving claims, and I would like to highlight their level of commitment and high capabilities. As a result of this distribution, the Valencia branch office retained its original responsibilities while also being at the forefront of customer service. This gave us the opportunity to act as a liaison with all the claims-handling units. It is natural that an event with so many claims, so many parties involved, and so many operational processes would pose a challenge in terms of file management. For this reason, the new role of the Valencia branch within the organization was quickly recognized: knowing the problems first-hand made it possible to inform those affected about the status of their claim and resolve any issues related to their claim handling.

Over time, customer service and email support have evolved. Initially, the focus was on assisting with filing claims; later, on confirming their registration; and finally, on facilitating the assignment of a loss adjuster. From that point onwards, the branch office's work focused on helping affected policyholders with whatever they needed.

Once again, CCS employees have demonstrated diligence, commitment and responsiveness, and we hope that this work has contributed to the recovery of Valencian society after such a significant impact.

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