



## Compulsory home insurance: a way to diminish negative impact of natural disasters

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The natural catastrophes that affected Romania in the last years generated unprecedented records in what concerns the loss of human lives and significant damages at an economical level. According to the 2002 census concerning buildings, there are about 8.1 million buildings made up of 2.8 rooms (in average) in Romania and 48% of these homes are located in rural areas. In the case of an earthquake, only 12% of these buildings would not encounter any problems, while 65% may be damaged by the seism and approximately 25% are sure not to have the necessary anti-seismic protection, being repeatedly damaged by several strong earthquakes that took place on Romania's territory. In the case of an earthquake like that of 1977, the value of the eventual loss would be around 7.5 up to 17 billion U.S. dollars, i.e. 8% to 18% of the Gross Domestic Product. Such damages could not be supported by the national budget. In these circumstances, building insurance is a more than welcomed and necessary way of reducing the negative effects of natural catastrophes.