



Environmental Hazards >

Volume 7, 2007 - Issue 4

773 | 156 | 9
Views | CrossRef citations to date | Altmetric

Original Articles

Charity hazard—A real hazard to natural disaster insurance?

Paul A. Raschky & Hannelore Weck-Hannemann

Pages 321-329 | Published online: 15 Jun 2011

Cite this article <https://doi.org/10.1016/j.envhaz.2007.09.002>

Sample our 
Environment and Sustainability
Journals
»> [Sign in here](#) to start your access
to the latest two volumes for 14 days

References

Citations

Metrics

Reprints & Permissions

Read this article

Share

Abstract

After the flooding in 2002 European governments provided billions of Euros of financial assistance to their citizens. Although there is no doubt that solidarity and some sort of assistance are reasonable, the question arises why these damages were not sufficiently insured. One explanation why individuals reject to obtain insurance cover against natural hazards is that they anticipate governmental and private aid. This problem became to be known as “charity hazard”. The present paper gives an economic analysis of the institutional arrangements on the market for natural disaster insurances focusing on imperfections caused by governmental financial relief. It provides a theoretical explanation why charity hazard is a problem on the market for natural disaster insurances, in the way that it acts as an obstacle for the proper diffusion and therefore the establishment of natural hazard insurances. This paper provides a review

of the scientific discussion on charity hazard, provides a theoretical analysis and points out the existing empirical problems regarding this issue.

Keywords:

Natural hazard insurance

Market failure

Governmental assistance

Related research 

People also read

Recommended articles

Cited by
156

Information for

Authors

R&D professionals

Editors

Librarians

Societies

Opportunities

Reprints and e-prints

Advertising solutions

Accelerated publication

Corporate access solutions

Open access

Overview

Open journals

Open Select

Dove Medical Press

F1000Research

Help and information

Help and contact

Newsroom

All journals

Books

Keep up to date

Register to receive personalised research and resources
by email

 Sign me up

  

  

Copyright © 2026 Informa UK Limited Privacy policy Cookies Terms & conditions

Accessibility



Registered in England & Wales No. 01072954
5 Howick Place | London | SW1P 1WG