



DESCRIPTION OF THE INSTRUMENT

Insurance involves paying a premium to ensure protection in case of a loss. Insurance is a widely used tool for **mitigating financial losses** that may result from unexpected events. In this system, the policyholder or insured individual pays a premium to the insurer in exchange for potential monetary compensation in case of a loss. By doing so, the insurer takes on and **spreads the risks** from multiple policyholders, making them easier to evaluate and handle. While **crop insurance** may not be a direct economic tool for water management, it could significantly address the motivations behind the **over-pumping** of aquifers during drought.

CONTRIBUTION TO GOVERNANCE

- Management of water-related risks

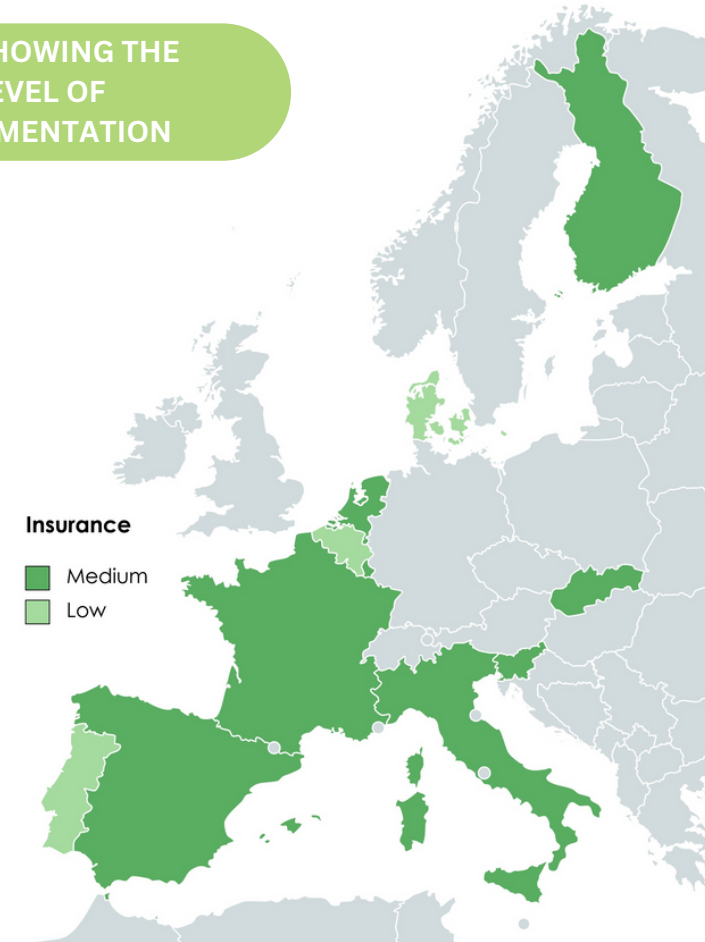
BARRIERS OR CHALLENGES FOR IMPLEMENTATION

- Willingness and ability to pay
- If subsidized: Budgetary constraints
- Infringement of polluter-pays principle

More information
on the economic
instrument



MAP SHOWING THE LEVEL OF IMPLEMENTATION



PATHWAYS FOR IMPLEMENTATION

- Assessment of willingness to pay and risk
- Target subsidies



Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or REA. Neither the European Union nor the granting authority can be held responsible for them.