Climate change scaring insurance companies

By Tim McDonnell, Mother Jones

In the months after Hurricane Sandy, insurance companies spooked by rising seas dropped coastal policies in droves.

That could become an increasingly common story, according to the largest-ever survey of how insurance companies are dealing with climate change, released Wednesday. Global warming is increasing the risk of damage to lives and property from natural disasters beyond what many insurers are willing to shoulder. And most insurance companies aren't taking adequate steps to change that trend, the survey found. That's a problem even if you don't live by the coast: When private insurers back out, the government is left to pick up much of the damage costs; already, the federal flood insurance program is one of the nation's largest fiscal liabilities.

Ceres, an environmental nonprofit, evaluated the climate risk management policies of 330 large insurance companies operating in the United States. The results are worrying. Only nine companies, 3 percent of the total, earned the highest ranking.

The insurers that scored highly on the survey (including several of the world's biggest, such as Munich Re, Swiss Re, and Prudential) were those that have adopted a broad range of climate-conscious products and services, such as rate pricing plans that account for potential climate impacts like storms and fires. Some insurers are also investing in high-end climate modeling software to better understand where their risks really are. Others offer environmentally friendly plans like mileage-based car insurance and encourage their customers to rebuild damaged homes using green technologies. And some insurance companies are making significant efforts to monitor

and reduce their own carbon footprint.

However, the report finds that one major way insurance companies are adjusting to climate change is by not insuring properties that are threatened by it, said Washington State Insurance Commissioner Mike Kreidler, a lead author of the report.

Read the whole story