

Climate Change: Insurers Confirm Growing Risks, Costs

Stakeholders from the insurance industry met with members of the U.S. Senate to acknowledge the role global warming plays in extreme weather-related losses, and to issue a call for action.

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[Pat Speer](#)

The politics of global warming have typically involved much debate as to the role climate change plays in growing weather-related risk. Yesterday, however, at a Capital Hill a press conference on the cost of climate change, debate was not on the agenda. Pointing to a year of history-making, \$1 billion-plus natural disasters, representatives of Tier 1 insurance companies took a definitive stance with members of the U.S. Senate to confirm that costs to taxpayers and businesses from extreme weather will continue to soar because of climate change.

Representatives from The Reinsurance Association of America, Swiss Re and Willis Re and Ceres, a nonprofit organization that leads a national coalition of investors, environmental organizations and other public interest groups working with companies to address a variety of sustainability challenges, joined Sens. Bernie Sanders (I-Vt.) and Sheldon Whitehouse (D-R.I.) yesterday to [discuss](#) the growing financial impact of global warming.

“From our industry’s perspective, the footprints of climate change are around us and the trend of increasing damage to property and threat to lives is clear,” said Franklin Nutter, president of the Reinsurance Association of America. “We need a national policy related to climate and weather.”

Property and casualty insurers in the United States experienced an estimated \$44 billion in losses last year when hurricanes, droughts, tornadoes and other natural disasters were more severe, longer, more frequent and less predictable than in the past.

According to Swiss Re, the average weather-related insurance industry loss in the U.S. was about \$3 billion a year in the 1980s compared to approximately \$20 billion annually by the end of the past decade.

“As a member of the global insurance industry, we have witnessed the increased impact of weather-related events on our industry and around the world,” said Mark Way, head of Swiss Re's sustainability and climate change activities in the Americas. “A warming climate will only add to this trend of increasing losses, which is why action is needed now.”

Attachment 3

<http://www.insurancenetworking.com/news/insurance-climate-change-risk-ceres-30007-1.html?zkPrintable=true>

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The insurers cited Tropical Storm Irene as an example of one of the record 14 natural disasters in the United States last year that each caused more than \$1 billion in damage. Irene alone, which first came ashore as a hurricane, killed at least 45 people and caused more than \$7 billion in damage, affecting both Senators' states.

“Perhaps no industry better understands the impact of global warming than the insurance industry whose job it is to analyze risk,” Sanders said. “I am pleased leaders in that industry are speaking out about the need to reverse global warming.”

Added Whitehouse, “Extreme weather events, like Rhode Island’s historic floods in 2010, can result in the loss of homes, livelihoods, and even lives. These extreme events fit a pattern predicted by climate scientists, and we should take action now to minimize the damage that carbon pollution is causing to our country and our world.”

Cynthia McHale, the insurance program director at Ceres, issued a more unequivocal statement: “Our climate is changing, human activity is helping to drive the change, and the costs of these extreme weather events are going to keep ballooning unless we break through our political paralysis, and bring down emissions that are warming our planet. If we continue on this path, extreme weather is certain to cause more homes and businesses to be uninsurable in the private insurance market, leaving the costs to taxpayers or individuals.”

“Extreme weather is a threat today and a greater threat tomorrow,” said Pete Thomas, chief risk officer at Willis Re, one of the world’s leading reinsurance intermediaries. “I’m pleased to see the federal government grappling with this issue. The continuing work of Sens. Sanders and Whitehouse is an important start for this necessary dialogue.”

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