

Jul 3, 10:43 PM EDT

Storms proving costly for insurance industry

MADISON, Wis. (AP) -- While storms such as Hurricane Katrina grab the headlines, a string of smaller storms over the past few years has been taking a toll on insurance companies, industry officials said.

Storm claim losses have been running significantly ahead of projections this year for Madison-based American Family Insurance, which covers 17 states, said company spokesman Steve Witmer.

One reason was a powerful hailstorm that battered the Madison and Milwaukee areas in April, but numerous wind- and hailstorms in Missouri, Kansas and Illinois have also proven costly, he said.

U.S. insurers have seen a 15-fold increase in insured losses from catastrophic weather events in the past three decades, according to a study by Ceres, an investor coalition. The increase far exceeded growth in premiums, inflation and population over the same period, the study said.

"It's becoming clearer that we are experiencing more frequent and more powerful weather events that pose huge challenges for the insurance industry," said Tim Wagner, director of the Nebraska Department of Insurance.

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Wagner heads a task force established this spring by the National Association of Insurance Commissioners to examine the impact of climate change on the U.S. insurance industry and insurance consumers.

"The impacts are being felt on our coasts and in the interior United States," he said. "We're seeing all kinds of extreme weather in the Great Plains states, including drought, tornadoes, brush fires and severe hailstorms."

The task force was created in the wake of devastating back-to-back hurricane seasons that caused a record \$30 billion in insured losses in 2004 and as much as \$60 billion in insured losses from Hurricane Katrina alone in 2005.

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