The Journal Gazette
Subscriber Services

FortWayne.com
FORT WAYNE'S HOME PAGE

Current: 66°
67° / 51°
Complete Forecast

Search Recent News Archives Web for
Go

Welcome Guest
Sign Up | Sign In | Member Benefits

News
Local
Nation/World
Political
Police Roundup
Courts Roundup
Felony Report
Sports
College
Freedom
High Schools
Komets
Local and Minor League
Outdoors
Professional
REAL Cities
Visit other Real Cities sites
Indiana Tech
Indiana University
Indianapolis Colts
Notre Dame
Purdue University
University of Saint Francis
Editorial
Letters
Features
Encore
Movies
Local Bands
Business
Home & Real Estate
Photo
Multimedia
Obituaries
Only on the Web
Calendars
Columnists
Corrections
Lottery Numbers
About the JG
Contact Us
Special Projects

Jobs
Cars
Real Estate
Apartments
Local Shopping
All Classifieds
- Create an Ad
- Find an Ad
Dating

AP HEADLINES

- Goodyear to close Texas plant, cut jobs
- MetLife 3Q profit increases 34.6 percent
- Verizon 3Q profit rises, but shares fall
- Clear Channel 3Q profit slides 9.5 percent on higher expenses
- Daily circulation falls at U.S. papers

Back to Home >

Monday, Oct 30, 2006

Posted on Mon, Oct. 16, 20

Warming

By Gilbert Chan
Sacramento Bee

When it comes to asses catch-up with their European counterparts, according to a study by insurer Allianz Group and the World Wildlife Fund.

News | Business | Sports | Entertainment | Living | Shopping | Classifieds | Jobs | Cars | Homes
About FortWayne.com | About the Real Cities Network | Terms of Use & Privacy Statement | Copyright

American carriers have been slow to recognize Earth's changing climate and develop new forecasting tools to predict the risks and potential economic losses arising from increased greenhouse gas emissions, concludes the report released last week. It provides another wake-up call for an industry that has suffered massive losses from hurricanes, wildfires and floods because of extreme weather in the past two decades.

Institutional investor groups are pushing for improved disclosure. Last week, for example, the influential California Public Employees' Retirement System and eight other large investors began sending letters to chief executives of the Standard & Poor's 500 companies to embrace international climate risk disclosure guidelines.

A majority of scientists believe rising temperatures are likely to heighten the severity of wildfires, floods, hurricanes and other extreme weather around the globe. The new study forecasts the damage could reach $2 trillion worldwide by 2050.

"Climate change represents an ever-increasing risk to the insurance industry and far too great a risk to ignore. This has become a fact of life," Clem Booth, a director of Germany-based Allianz AG, said during a conference call from New York.

The climate change and insurance study examined the scientific evidence, economic effect on U.S. insurers and how the industry is responding to global warming. The study notes that the losses from previous natural disasters are dramatic: More than five dozen events ranging from wildfires to drought have cost $500 billion in damage from 1980 to 2005. Insurance carriers grappled with insured losses averaging $9.2 billion a year during the 1990s. The hurricanes in 2004 and 2005 cost insurers up to $83 billion in losses.

As a result, some insurers have responded by raising rates or abandoning risky markets, which puts pressure on taxpayer-backed state insurance pools to provide coverage to businesses and consumers.

"We need to turn that around. Insurers exiting high-risk areas is not a solution," Booth said.

The report said U.S. insurers need to follow their European counterparts and develop new methods to calculate future risks from global warming, including the effect of rising sea levels on coastal communities and wildfires to valuable watershed areas.

"The European (companies) have been a little more out front with it because of their governments," said David Unnewehr, a researcher for the American Insurance Association in Washington.

"It's a complex issue," Unnewehr said. "Because of the hurricane experience the last couple of years and the wildfires in California, people are looking on those things and asking: 'Is there a climate connection?' "

Because of expected changes in climate, the study's authors say insurers need to go beyond the traditional risk-forecasting models that rely on historical weather data. They need to plug in the outlook for climate change.

"We're looking in the rearview mirror to try to predict the future," said Miranda Anderson, co-author of the report.

One recommendation calls for insurers to become more transparent to shareholders and disclose the companies' financial risk from climate change as well as outline business opportunities. Booth said only 15 percent of U.S. carriers do so.

The Allianz report also urged insurers and regulators to work out a plan to allow insurers to adjust homeowners' and flood insurance rates because of climate change issues.