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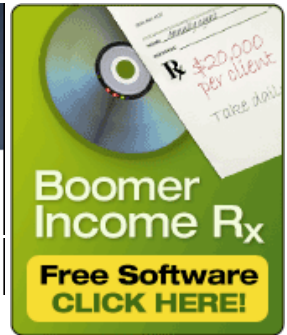
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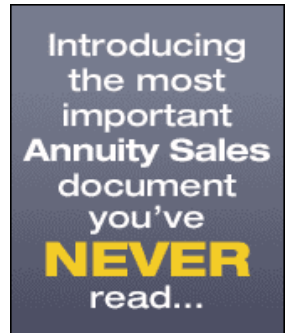


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MELISSA BLOCK, host:

From NPR News, it's ALL THINGS CONSIDERED. I'm Melissa Block.

It's time for Climate Connections, our yearlong series with National Geographic. The nation's meteorologists are meeting in New Orleans this week. Their agenda includes new research on the links between global warming and extreme weather - especially devastating storms like Hurricane Katrina. But scientists aren't the only ones there. People from the insurance industry are attending, too. They were caught off-guard by Katrina, so now, they're trying to calculate the economic risks of climate change.

NPR's John Hamilton has the story.

JOHN HAMILTON: It wasn't just the poor areas of New Orleans that got submerged when the levees failed. The upscale Lakeview neighborhood was underwater, too.

Mr. JIM DONELON (Insurance Commissioner, Louisiana): We're driving by the ruptured place where the levee wall broke. And that's where the water flowed through. Have you been here before?

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Mr. DONELON: Some of these backed up to this levee were washed off of their foundation and tilted.

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HAMILTON: Many of the houses have been rebuilt or repaired. Most people here had insurance, and they still do. But new policies are a lot harder to get these days and premiums have gone up as much as 200 percent. Donelon says that the result of two devastating hurricane seasons that left many consumers without a house to insure or the money for premiums. At the same time, insurers have been dealing with thousands of angry customers and billions in losses.

Mr. DONELON: '04 sent a chilling message to them, and our experience in '05 just shut it down. Not just in Florida, not just in Florida and Louisiana, but all across the Gulf Coast and all the way up the East Coast from Miami to Maine - every state is experiencing to some extent the same horrid market condition that we in Lakeview in south Louisiana are experiencing.

HAMILTON: It was a storm warning for the insurance industry. They would have to change along with the climate.

Robert Muir-Wood is the chief research officer for a company called Risk Management Solutions. It helps insurance companies calculate the odds for various catastrophes. Muir-Wood says insurers used to do this by studying history to find out how often events like hurricanes happened. But that doesn't work for catastrophes that are more likely to happen now than they were a century ago. Muir-Wood says New Orleans represents an extreme example of increasing risk. For one thing, the city is sinking.

Dr. ROBERT MUIR-WOOD (Chief Research Officer, Risk Management Solutions): Secondly, sea-level rise has been going on and we know sea-level rise is currently accelerating. It's actually gone up since 1990 and it's likely to accelerate further in the 21st century. And third, the population of extreme hurricanes has also seemed to increase in the last few years, so we get more intense storms.

HAMILTON: Those kinds of variables terrify insurance companies, but not climate scientists. Muir-Wood says that's created a new partnership.

Dr. MUIR-WOOD: Every year now, we actually bring together a team of leading hurricane climatologists to advise us on actually what is the best perspective on the activity of hurricanes we can expect on average over the next five years.

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Evan Mills from the Lawrence Berkeley National Laboratory in California says the new higher rates contain an important message.

Dr. EVAN MILLS (Researcher, Lawrence Berkeley National Laboratory): Insurance is the industry people love to hate, but really, they're also messengers of risk and of the cost of risk and the nature of risk. And so as risk is changing because of climate change, because of settlement patterns, the price signal that communicates back, hey, to the customers, this is risky.

HAMILTON: And Mills says the risks associated with climate change aren't limited to hurricanes or to New Orleans.

Dr. MILLS: From wildfires in the west, in Florida and really almost anywhere in the country, to sea-level rise itself and the inundation of coastal properties and contamination of water supplies. You know, when sea level rises, there's a salinization of aquifers in some places, and so that can adversely affect agriculture and drinking water.

HAMILTON: Mills says climate change is forcing insurance companies to return to their roots - by reducing risks, not just covering losses. That's what they used to do back in the days when they pushed for things like building standards that prevented catastrophic fires. But Mills says, in recent decades, some insurers became little more than investment houses funded by premiums. Now, he says, more companies are using some of the trillions of dollars they control worldwide to support efforts to slow down climate change. They're also trying harder to help customers prepare for the next catastrophe.

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Jim Donelon says one example is that companies are making sure homes meet federal flood insurance standards before they'll issue a homeowner's policy. That's one reason houses in the Lakeview neighborhood of New Orleans are getting taller.

That house on stilts, did that used to be on stilts?

Mr. DONELON: No, sir. No, that's new construction to the new flood elevation requirement. With steps like that going up, that's new construction, too, to a higher elevation.

HAMILTON: Insurers are also offering discounts to customers who strengthen roofs and walls. And the incentives may grow after companies hear with the meteorologists have to say this week about climate change and the risk of another Katrina.

John Hamilton, NPR News, New Orleans.

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