

ENVIRONMENT-US:

States Calculate Global Warming Pricetag

Jim Lobe

Inter-Press News Service

WASHINGTON, Mar 14 (IPS) - In a new sign of growing concern about the impact of global warming on the health of the U.S. economy, the insurance commissioners of the 50 U.S. states last week voted unanimously to establish a task force on the possible impact of climate change on the insurance industry and its consumers.

The decision, taken by the National Association of Insurance Commissioners, came during the same week that the world's biggest insurance broker, Marsh & McLennan, briefed its corporate clients, which include roughly 75 percent of the "Fortune 500" biggest companies, on the potential impact of global warming on their businesses.

Marsh's clients heard from, among others, Carol Browner, who headed the Environmental Protection Agency (EPA) when former President Bill Clinton signed the Kyoto Protocol to curb greenhouse gas emissions, and Robert Watson, the chief climate scientist at the World Bank and former head of the Intergovernmental Panel on Climate Change (IPCC).

Watson was ousted as IPCC chair in 2002 at the insistence of the administration of Pres. George W. Bush, which rejected his repeated warnings that the Earth faced potentially catastrophic changes in climate unless emissions were reduced.

"Between the insurance commissioners and Marsh, the message is that companies must take climate change much more seriously," according to Andrew Logan, director of the insurance programme at Ceres, a national coalition of environmental and other public interest groups and investment funds representing three trillion dollars in assets.

"The insurance industry is well-positioned to be part of the solution to climate change, and these actions will force industry executives and corporate directors to address the issue," he added.

Both actions come amid growing evidence that global warming is indeed linked to greenhouse emissions and that its impact on both climate and the world's topography is dramatic and potentially catastrophic.

In just the past week, a series of new studies has added to the concern.

Last week, the Journal of Glaciology published the results of an unprecedented survey by the National Aeronautics and Space Administration (NASA) that found that computer models based on assumptions about the impact of the increasing concentration of carbon dioxide (CO2) emissions in the Earth's atmosphere had accurately predicted the extensive thinning of the West Antarctic and Greenland ice

sheets that has taken place there.

"If the trends we're seeing continue and climate warming continues as predicted, the polar ice sheets could change dramatically," according to lead scientist Jay Zwally. "The Greenland ice sheet could be facing an irreversible decline by the end of the century."

A related study published last week by Science magazine concluded that the Antarctic ice sheet is losing 152 cubic kms of ice each year to the sea around it due to global warming, while another, also based on NASA data, found that the ice cover in the Arctic Sea is currently at its lowest extent since satellite monitoring began in 1979, and probably the lowest in the past century.

These latest studies, as well another one by the National Oceanic and Atmospheric Administration (NOAA) that found that CO2 levels in the atmosphere have reached levels that have not been seen on Earth for more than a million years, have lent credence to the notion that the Earth's climate is, as NASA's director of the Goddard Institute of Space Studies, James Hansen, said last December, "nearing... a tipping point beyond which it will be impossible to avoid climate change with far-reaching undesirable consequences."

Some of those consequences are of particular concern to the insurance industry, which has been forced to pay out billions of dollars in recent years as a result of damages caused by the growing intensity in recent decades of hurricanes that are fueled by the warming waters of the Caribbean and elsewhere.

Indeed, last week's action by the state insurance commissioners came in the wake of devastating back-to-back hurricane seasons that caused a record 30 billion dollars in U.S. insured losses in 2004 and as much as 60 billion dollars in insured losses from Hurricane Katrina alone in 2005, which was also by far the costliest year in weather-related natural disasters on record, according to a recent study by the Munich Re Foundation.

Indeed, according to a December 2005 Ceres study, U.S. insurers have seen a 15-fold increase in insured losses from catastrophic weather events in the past three decades, increases that have far outstripped the growth in premiums, population and inflation over the same time period.

"It's becoming clearer that we are experiencing more frequent and more powerful weather events that pose huge challenges for the insurance industry," according to Tim Wager, director of Nebraska's Department of Insurance and co-chairman of the new task force set up by NAIC, which originally scheduled the initiative for approval at a meeting in New Orleans that was then cancelled due to Hurricane Katrina.

"The impacts are being felt on our coasts and in the interior U.S.," he added. "We're seeing all kinds of extreme weather in the Great Plains states, including drought, tornadoes, brushfires and severe hailstorms."

In the U.S. system, individual states, rather than the federal government, regulate the insurance industry.

The task force will review whether U.S. insurers have adequately considered the consequences on their industry, including its solvency, if current trends that are believed to be related to global warming continue or intensify, according to Washington State insurance commissioner Mike Kreidler.

"We had a statewide drought emergency in Washington last year," he said, noting its impact on the state's agriculture and ski industries. "As scientists predict this trend to continue, I'm concerned with the impact these changes will have on insurance availability and costs."

Nancy Skinner, U.S. director of The Climate Group, a coalition of multinational corporations, state and local governments, and activists based in the U.S., Britain, and Australia, stressed that the threats posed by warming are not confined to extreme weather events, such as hurricanes.

"People tend to think about climate change in terms of Category 5 hurricanes and sea level rise," she said. "But changing weather patterns such as more intense rain or ice storms and lower snow levels can also have big impacts on business and homeowners. Other lines of insurance are also vulnerable, like health when heat-related respiratory diseases and mosquito-borne diseases increase."

In its briefing, Marsh also stressed the complexity of climate change, urging its clients to review their insurance coverage to ensure that it takes account of all the potential impacts. It said it will soon release a white paper on climate risks. (END/2006)