

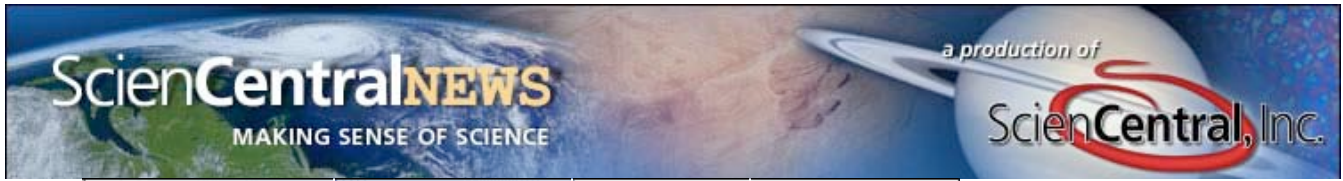
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While politicians and scientists argue over global warming, many insurance companies are seeing the impact in a place no one can ignore — their bottom line. This ScienCentral News video has more.

Category Five Claims

Almost before the winds stopped blowing came the question about hurricane Katrina; is this global warming? When fires whip through Southern California, or Europe endures its hottest summer in several hundred years, the question is also asked.

But, most climate scientists won't to point to any weather event or even several years of weather as evidence of global warming, noting there's a difference between weather and climate. However, there is one statistic that is increasingly difficult to ignore. There is more weather related damage being claimed around the world and, as a result, insurance companies have seen a 17-fold increase in the number of claims they pay out. [Evan Mills](#) of the [Lawrence Berkeley National Laboratory](#) has been studying [the issue](#). He says losses have reached an average of a hundred billion dollars a year, with insurance companies paying for 20 percent of that.

However, those figures are before hurricane Katrina. The [U.S. Department of Commerce](#) estimated uninsured losses from just Katrina at \$100 billion. Industry estimates a month after Katrina forecast losses of anywhere from \$34.4 billion to \$55 billion.

Writing in the journal [Science](#), Mills says, "The insured share of total economic losses from weather-related catastrophes is rising, increasing from a negligible fraction in the 1950s to 25 percent in the last decade. The ratio has climbed more quickly in the United States with more than 40 percent of the total disaster losses insured in the 1990s."

He adds, "The uptrend that we're seeing in a whole variety of events, floods, storms, fires, is consistent with what we expect under climate change."

It's not just the headline grabbers that are [costing insurance companies](#). Mills notes, "[Insurance companies] are also vulnerable to a whole host of much smaller, more minor events that are not large, in themselves, but there are many of them and when you add them all together — [very large costs](#), [very large damages](#)."

"A good number of insurance companies have taken notice of the climate change problem and taken steps in that direction," he says. However, he adds that they're mostly

Video



image: NBC News

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[More Strong Hurricanes](#)

(09.15.05) - Climate scientists have confirmed what many of us might suspect; the number of severe hurricanes around the world has risen substantially.

[Climate Change and Snow](#)

(02.25.03) - What does a huge blizzard mean for the issue of climate change? When looking at the big picture, it doesn't change anything.

[Warming and Rice](#)

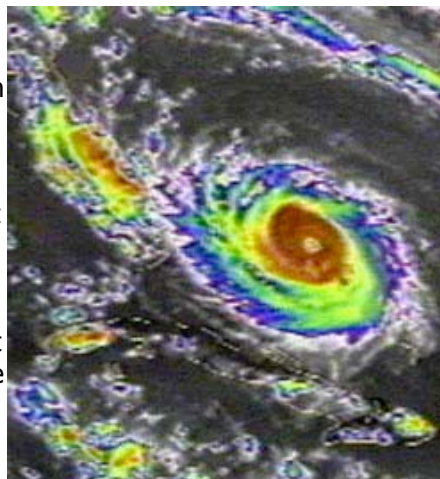
(07.13.04) - Research into the impact of global warming is showing that one of the world's most important crops could be hurt by warmer nighttime temperatures.

Elsewhere on the web:

[Insurance Journal](#)

[Intergovernmental Panel on Climate Change report on warming](#)

[EPA - Global Warming](#)



Hurricane radar
image: NOAA

[European insurers.](#)

Not all scientists agree that climate change is a factor in what appears to be a surge in stronger hurricanes. They say American's moving to the nation's coasts are a larger factor. But, Mills notes the losses he's finding reflect claims worldwide.

Additionally, manufacturers have traditionally resisted any further limits on pollution that most climate scientists say contribute to global warming. They claim that additional limits would arm their bottom line, but Mills notes that global warming appears to be a threat to the insurance industry. He says, "That creates a very interesting dynamic in the political realm where you have a major business interest who sees that climate change is a strategic threat to it's business."

Increased losses could also have an impact on the consumer in the form of higher insurance rates, especially in areas that face a higher risk. Additionally, if regulators approve, insurance companies could raise deductibles or refuse outright to offer insurance in some areas.

Mills hopes the threat to their bottom line might motivate insurers to find ways to encourage everyone to reduce pollution. He concedes, "It's daunting [but] I think it's appropriate for them to look at the situation and see a role for themselves. It's in their own interest, [their own business interest.](#)"

Mills' reseach was published in the August 12, 2005 issue of Science, and funded by the [U.S. Department of Energy](#), the [U.S. Environmental Protection Agency](#), and the [U.S. Agency for International Development](#).

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by Jack Penland

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