

Macro Roundup Article

Headline: Growing Costs of Natural Disasters are Stressing Property Insurance Markets

Article Link: <https://www.briefingbook.info/p/growing-costs-of-natural-disasters>

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Tweet: The frequency of extreme weather events causing \$1B or more in damages in inflation-adjusted terms has risen from 3.3 per year in the 1980s to over 20 per year over the last five years. @ClimateFran

Summary: 2023 saw U.S. home insurers take \$15.2 billion in net losses, the worst performance since at least 2000. In response, insurers are raising premiums and withdrawing coverage and property insurance markets are looking increasingly shaky in states across the U.S. A sudden withdrawal of insurers from underwriting windstorm, hail, and wildfire risks - similar to the withdrawal from flood insurance that occurred in the early 20th century - is certainly possible. States affected by insurance withdrawals have typically established “last-resort” public plans for properties unable to find a policy in the private market. The rapid growth in these plans, which are ultimately backed by all policy-holders or taxpayers in a state, is a clear signal of growing unavailability of private insurance: total underwriting by public plans reached a new record high in 2023 at just over \$1.3 trillion in exposure; Florida, California, and Louisiana all saw their plans more than quadruple in the five years from 2018 to 2023.

Related Articles: US Home Insurers Suffer Worst Loss This Century and Climate Change and the Geography of the U.S. Economy and Home Insurance Premiums Are Surging—and States Are Allowing It

Primary Topic: Financial Markets

Topics: Financial Markets, GDP, Global Warming, Op-Ed/Blog Post, Politics, Science

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