

Macro Roundup Article

Headline: [Analyzing State Resilience to Weather and Climate Disasters](#)

Article Link: <https://www.federalreserve.gov/econres/notes/feds-notes/analyzing-state-resilience-to-climate-change-20230907.html>

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Tweet: Damages from US weather events that cost >\$1B have risen from \$20B annually during the 1980s to \$95B a year between 2010-2019, and \$153B in 2021. Property insurers, who bear 48% of these costs, are beginning to reduce coverage. @FedResearch

Summary: Nationally, the real cost of [weather and climate] disasters has risen from \$20B per year in the 1980s to nearly \$95B per year during the period 2010–19. In 2021, damages increased to about \$153B. Costs were absorbed by four entities: property insurers (48%), uninsured or underinsured homeowners, businesses, and agricultural entities (37%), the federal government (11%), and state and local governments (4%). If property insurers were to exit certain markets or decrease coverage in states with greater exposure to physical risks due to decreased profitability, a larger share of damages would not be fully insured. Two major insurers recently announced that they will no longer accept new applications for business and personal property insurance coverage in California, citing increasing wildfire risk as a key factor in that decision. In addition, several major hurricanes during 2020-22 forced numerous insurance companies into bankruptcy in Louisiana and Florida.

Related Articles: Home Insurers Are Charging More and Insuring Less and Why California and Florida Have Become Almost Uninsurable and How a Small Group of Firms Changed the Math for Insuring Against Natural Disasters

Primary Topic: Financial Markets

Topics: Financial Markets, GDP, Government/NGO, Weekly

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