

# [Insurers Begin to Include Rising Sea Levels into Rates](#)



*Damage from Hurricane Matthew*

Insurers are beginning to introduce rising sea levels into rates, according to my latest article, [“The SLR Factor: As sea levels rise, the flood risk equation changes.”](#) It was published recently in the Casualty Actuarial Society’s *Actuarial Review* magazine.

The National Flood Insurance Program (NFIP), the nation’s largest insurer of homeowners’ flood insurance, is beginning to factor in sea level rise. So are excess insurers and reinsurers. However, rising sea levels could also affect the appetite for private homeowners insurers looking to compete with the NFIP.

While the [“21<sup>st</sup> Century Flood Reform Act”](#) is yet to pass, the [omnibus budget bill](#) signed by president Trump last Friday allows NFIP’s reauthorization. The controversial budget bill gives the Federal Emergency Management Agency (FEMA) a necessary financial boost for mapping and mitigating flood risk.

## **Rising Sea Levels: The Reality**

For the scoffers who do not take rising sea levels seriously, consider places such as New Orleans where land is subsiding. Or Norfolk, Va. where rising king tides flow onto nearby streets. A single

drop of rain, by the way, does not cause these tides. Instead, they happen when the earth makes its predictable pull with the sun.

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***“too many properties not covered for weather-related flood damage.”***

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What are the implications for rising sea levels?

- Covering homes and businesses near the East and Gulf coasts will become more expensive.
- Some owners will likely have to abandon their property to the tides. This has already happened in New Orleans.
- Flood exposure will spread, affecting properties once believed to be lower risk. It also means changing weather patterns that will introduce more potential catastrophic weather events.

Beyond that, rising sea levels will affect governmental entities that need to pony up for expensive flood mitigation. As I write in the article, however, “It is difficult to convince politicians and voters to invest money into problems that are decades away, especially when rising sea levels are too often mired in the politics of global warming.”

## **Vulnerable Property Owners**

Even if sea levels remain stable, there are still too many properties not covered for weather-related flood damage.

Why? Because many homeowners fail to realize that their insurance generally covers flooding caused by something inside the house, such as a leaking pipe. People believe they do not need flood coverage from the NFIP until it is too late. And some irresponsible residents count on FEMA to bail them out instead of buying coverage from NFIP.

And don't think your property is safe because a FEMA map says so. As I explain in a [previous article covering the NFIP](#), many maps are out-of-date. Further, specific property details can be more critical than zone location.

Rising sea levels will affect more property owners. Insurers are preparing, shouldn't you?