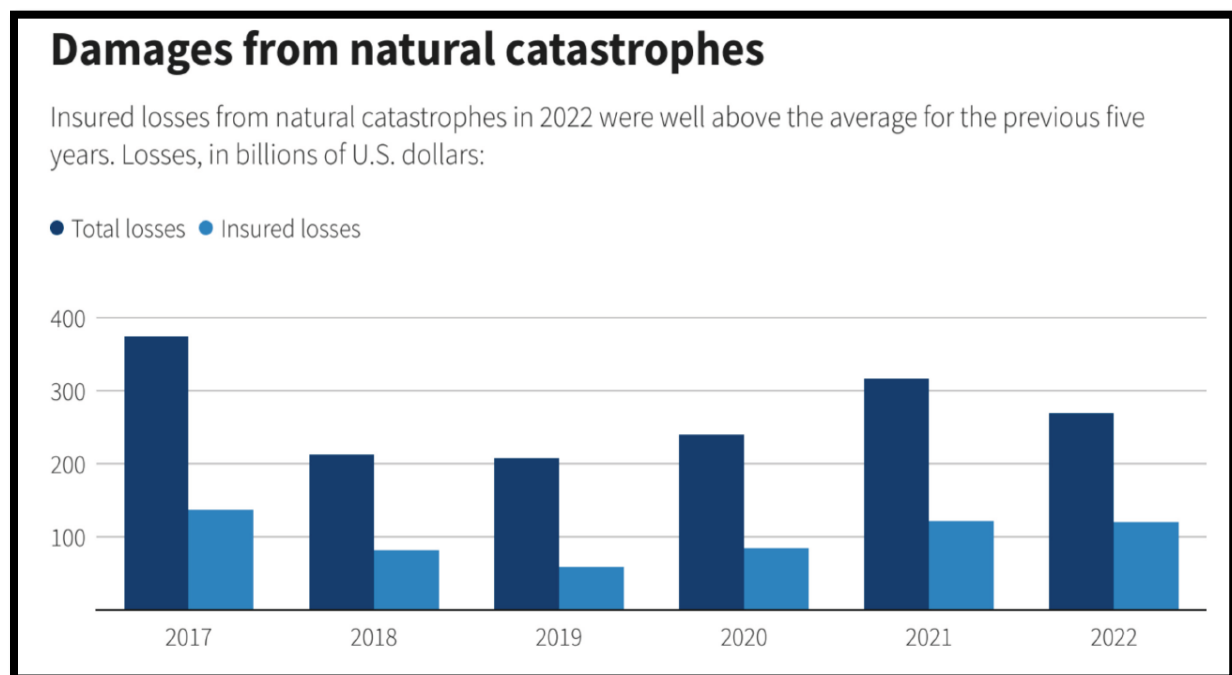




The Rising Costs of Disaster Insurance

September 19, 2023

As Hurricane Idalia made its destructive way across northern Florida, Georgia, and South Carolina, it was a reminder that this has been a tough year for natural disasters. We've experienced a tropical storm slamming into southern California for the first time in memory, historically bad forest fires in Canada and Louisiana, and power outages during killing heat waves in Texas.



The people in the path of Idalia and other major disasters have been the biggest sufferers, but the property and casualty insurers are also feeling the impact. Last year was one of the costliest years on record for natural disasters, with \$120 billion in insured losses, roughly on par with 2021. Total losses, including uninsured losses suffered by homeowners and consumers, came to more than \$250 billion last year and more than \$300 billion in 2021. This year, the numbers could look even worse.

Of course, those losses eventually find their way into consumers' pocketbooks, in the form of higher insurance costs. Before Idalia, the average home insurance policy in Florida came to \$4,000 to \$6,000 a year, with a 2% hurricane deductible. That will go up no matter how many claims are related to the storm; reinsurance costs increased 40-70 percent over the past year.

And the trend is not encouraging. As the graph shows, the world has entered a new normal of natural catastrophes, which means homeowners insurance will be increasingly important—and increasingly costly—going forward.

Sources:

<https://www.cnn.com/2023/08/29/business/insurance-losses-florida-tropical-storm-idalia/index.html>

<https://www.reuters.com/business/environment/hurricanes-floods-bring-120-billion-insurance-losses-2022-2023-01-09/>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

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