

Climate Risk, Insurance, and Reinsurance

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This presentation will discuss the development of the state of North Carolina's "Beach Plan," the insurance portfolio for coastal wind insurance, including self-insurance, reinsurance, and the potential for issuing catastrophe bonds in the future. The discussion will include how the innovative design of the program increases resiliency by limiting the risk to both insurers providing homeowners insurance in the state and North Carolina taxpayers for significant weather events. Currently, government- provided flood insurance does not cover the statistical risk of the properties covered; however, it is unlikely that this will change, but the discussion will include how that risk impacts resiliency. In addition to the history of weather and climate disasters, the use of innovative insurance products, such as catastrophe bonds, for addressing the potential of disaster risk in the future will be discussed. The presentation will also cover how other private insurance products can continue to provide sufficient coverage for other weather- and disaster-related issues, stopping the need for additional government insurance programs to increase resiliency. Government regulation, especially by individual state insurance commissioners, can have significant impacts on the insurance available to citizens, and has the potential to influence how a state will recover from extreme events. How regulation interacts with the private insurance industry will also be covered.