

# WSJ Print Edition

Florida wouldn't be less popular if insurance were properly priced. A lot else would be different.



## BUSINESS WORLD

### Taxpayers Pay People to Be Hurricane Risk Takers

In the wake of devastating storms, the least popular argument is nevertheless an important one. We wouldn't be asking of people in stormprone areas anything not asked of every other American. Insurance markets exist—indeed, all markets exist in a sense—to inform people of the cost of their choices so they can make better ones.

Hardly a point emphasized by climate obsessives, today's rising storm damage is due mainly to more people putting up more expensive and elaborate structures in places where destructive weather is a predictable hazard.

They do so not least because of the availability of federal rebuilding money, including federal flood insurance that is underpriced and subsidized by taxpayers who don't benefit from beachfront charms.

Luckily, this week's Hurricane Milton landed on Florida with less force than expected and then moved out to sea. Less luckily, the previous week's Helene continued inland and dumped oceans of rain on Appalachian terrain, where it can only be funneled into narrow stream and river valleys. Residents, perhaps especially recent retirees and escapees from the Northeast or California, appear not to have been adequately warned of this effect. Some tragically drowned in their cars. That's a lesson for officials to pocket for next time.

But what about the lesson that's never learned?

"It was like an urban-renewal program out there," commented the head of the National Hurricane Center after witnessing the federal spending spree occasioned by 1979's Hurricane Frederic.

"If government hands out checks, do people need insurance?" a Lloyd's executive wondered after 2005's Hurricane Katrina "We call weather-related catastrophes 'natural disasters,'" observed a 2016 Stanford Law Review study, but the losses are often due to "questionable government policies."

In the 40 years since planetary warming landed on the front pages, global emissions have doubled, topping 40 billion tons last year. But hasn't investment in renewables been outpacing conventional fuels for at least five years? Input isn't output. Even with more capital, solar and wind can't keep pace with efficient fossil energy. Meanwhile, the 40 billion tons of CO2 have a half-life in the atmosphere of an estimated 120 years.

But a second effect has also been in evidence for decades: a steady decline in death rates from severe weather.

An ounce of prevention turns out to be worth 20 pounds of FEMA. Better building codes, better planning, better weather forecasting—all make killer hurricanes less deadly than those experienced by our forebears in the days before man-made climate change.

The climate press tends to picture social meltdowns and global strife from millions of people gradually having to relocate or change their practices. But adaptation is survival. Florida and other tropical areas will hardly be denuded of people even if storms are stronger and summers hotter. In an unlikely summoning of congressional spine on subsidized insurance, even then Americans would build on coastal plains. They would insure their own



risks from their personal piggy banks if necessary; they would build more cheaply so they could afford a total loss every 30 years or so.

That's how Americans survived before federal flood insurance in 1968, shouldering the full cost for the amenities they value. And Americans today are richer and have better risk-management tools at their disposal.

The climate crowd is strangely reactionary on adaptation, theoretically in favor of it but often seeing a surrender to Big Oil. The right question for politicians always and ever should be: Do our policies create the best incentives? Congress's last run at reforming flood insurance, in 2012, was ignominiously repealed two years later. Now a fundamentally bankrupt program will have to pay for Helene and Milton losses, even as its accumulating deficits are a fraction of the sums the federal government pours into green-energy subsidies that don't actually have any effect on climate change.

When the United Nations climate panel a few years ago backed away from its worst-case warming and emissions scenarios, I predicted the mainstream press would emphasize outlier forecasts involving highly speculative climate tipping points and doom loops. My prophecy came to pass, but it should still be understood: The central scientific forecast doesn't suggest that climate change is unmanageable for the human race. This is good news because, apart from rhetoric, the economic incentive to turn fossil fuels into greenhouse emissions remains utterly untouched by 40 years of climate politics.

*By Holman W. Jenkins, Jr.*

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