

There are still a lot of people who believe that climate change is not occurring: [Something like between 10 and 20% of Americans fall into this category \(depending on when the polling occurs\)](#). For those of our readership who do not believe it is occurring, I have a business proposition.

Over the last several years, [a number of national insurance companies have drastically increased the rates they charge for property insurance in communities near the coastline](#), particularly in communities that have high risks of hurricane or flood damage. In some cases, they have even entirely withdrawn from the market. (The most dramatic example was State Farm's complete withdrawal from the homeowners insurance market in Florida, and Allstate has said that it is canceling or not renewing many policies in the Gulf Coast area.) Insurers point to a series of very expensive hurricanes as the proximate cause of their decisions, but in some of their announcements they have specifically identified climate change as the reason why they believe that these kinds of losses will continue in the future, and therefore why rates either need to increase or policies terminated.

Now, if you believe climate change is a hoax, there is a tremendous market opportunity here. Insurance companies are leaving money on the table - premiums that they are refusing to collect because of a baseless fear of an increase in future claims due to climate change. This market clearly is underserved: [Florida has resorted to creating a subsidized state insurance agency to fill the market because there isn't enough affordable private homeowners insurance available](#).

So I encourage folks like Sen. Inhofe of Oklahoma ([who believes that climate change is the greatest hoax ever perpetrated on the American people](#)) to put their money where their mouth is. If they believe that the free market works, then there is a lot of money to be made - at least in states that don't have a subsidized state insurance company.

(Special thanks to a former student of mine at the University of Chicago, Michael Haeberle, who wrote a paper on this topic last fall that provided some useful information for this blog post.)