

# Severe Weather and Catastrophic Events Fueling Surge in Insurance Costs

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[/EINPresswire.com/](https://EINPresswire.com/) -- As weather patterns become increasingly volatile and catastrophic events such as earthquakes, hurricanes, and wildfires occur with greater frequency and intensity, the insurance landscape is feeling the impact. [Shannon Eldridge](#), a seasoned lawyer at [Milling Benson Woodward LLP](#) who specializes in insurance coverage and insurance defense litigation, sheds light on this burgeoning issue.

"Over the past decade, we've seen a notable escalation in the severity and frequency of catastrophic events," said Shannon Eldridge. "This uptick has significant consequences, not only for the people directly impacted but also

for the insurance sector. Insurance companies are grappling with unprecedented claims, leading to increased costs that inevitably trickle down to policyholders."

## The Economic Toll of Catastrophes

In recent years, natural disasters have imposed devastating financial burdens on communities and industries. According to a study by the National Centers for Environmental Information, 2020 alone saw a record 22 weather and climate disaster events that resulted in losses exceeding \$1 billion each. This trend appears to be escalating.

"Climate change and environmental shifts are making natural disasters more unpredictable and potent," Eldridge noted. "This has led to an exponential increase in insurance claims, and insurers are now forced to reassess their risk models and pricing structures."

## Rising Insurance Costs: A Ripple Effect



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*Shannon Howard-Eldridge*

As insurers handle more extensive and frequent claims, policyholders are likely to experience hikes in premium rates. In some areas prone to specific disasters like floods or wildfires, insurance may become prohibitively expensive or even unavailable, putting homeowners and businesses at risk.

"Although many are quick to point the finger at insurance companies for rising premiums, it's crucial to understand that insurers too are facing immense financial strain. They

are having to pay out larger sums more often," Eldridge explained.

### Adaptation and Mitigation

The situation is prompting both insurance companies and policyholders to seek creative solutions. On the one hand, insurers are adopting advanced analytics and AI models to better predict risk and assess claim costs. On the other hand, many homeowners are investing in preventative measures, such as retrofitting their homes to withstand earthquakes or installing advanced fire suppression systems.

"The law is not static; it evolves in response to societal changes. As the landscape of risk shifts, so must insurance policies and regulations. Litigation around these policies is likely to grow in complexity, requiring specialized legal expertise," Eldridge added.

### Call to Action

Given the impending implications of this issue, both insurers and policyholders are urged to revisit their current policies, pricing structures, and overall preparedness for severe weather events.

Shannon Eldridge concluded, "We're at a critical juncture where action today can mitigate the financial hardships of tomorrow. Adaptation and awareness are key. Those who fail to adapt will find themselves not just battling the elements but also facing financial ruin."

For more information on insurance coverage and litigation concerning catastrophic events, reach out to Milling Benson Woodward LLP.

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