

**Nature by Numbers:
Natural Hazard Insurance in Historical
Perspective
ASEH Panel**

**Rachel
Carson
Center**

Thursday 28 April 2012, Madison, Wisconsin

Chair: Uwe Luebken, Rachel Carson Center, LMU Munich, Germany

Panelists:

- Alexander Hall, Centre for the History of Science, Technology and Medicine, University of Manchester, 'A Unique Agreement: The Creation and Breakdown of the "Gentleman's Agreement" for Flood Insurance in the UK'
- Eleonora Rohland, Ruhr University Bochum, Germany, 'Disaster and Insurance: The Development of the National Flood Insurance Program in the Wake of Hurricane Betsy 1965'
- Franz Mauelshagen, Institute for Advanced Study in the Humanities, Essen, Germany, 'Insurance, Risk, and Uncertainty: Climate Change and the Historical Experience'

The panel sponsored by the Rachel Carson Center gave the opportunity to present and further develop recent research into the historical aspects of natural hazard insurance; an area often overlooked by those studying disaster in a historical context.

I was first to present and began by giving the audience a quick introduction to insurance parlance and the problems that arise from trying to insure natural hazards, such as adverse selection and catastrophe potential. My paper then focused on the creation of a gentleman's agreement in 1961, between the insurance industry and the British government, which in light of rising costs from recent flood events guaranteed that nearly all UK homes would now be offered flood insurance. Through this agreement, the UK developed a private market for natural hazard insurance, which over the coming decades was to become increasingly skewed, until the agreement was to collapse in 2002.

Eleonora Rohland then presented her paper that discussed the ramifications of Hurricane Betsy in 1965: both at the local level through the creation of the New Orleans Hurricane Protection System, and nationally through its influence on the development of the National Flood Insurance Program (NFIP). Rohland smartly connected the local disaster to national discussion by introducing archival

letters written by victims of the hurricane to President Lyndon B. Johnson. The paper clearly showed how, through the Hurricane Disaster Relief Act of 1965 and the subsequent HUD report on flood insurance, Betsy was one of the key trigger events in the formation of the NFIP.

Franz Mauelshagen was unfortunately not able to attend the conference and so Uwe Luebken delivered an abridged version of his paper. The paper linked natural hazard insurance to theoretical research on risk by scholars such as Stern, Giddens, Beck, and Oliver-Smith. After two papers on specific case studies Mauelshagen's paper introduced a broader view of natural hazard insurance, describing it as one mode of socializing natural hazards. The paper finished by considering how the uncertainties of global warming, and a changing climate would affect the future of natural hazards insurance.

The panel's structure beginning with two papers focusing on regional events, which led to national decisions on natural hazard insurance, framed by Mauelshagen's global and theoretical view of the issues directly engaged with the wider conference's 2012 theme of "from the Local to the Global."

The papers in the panel clearly highlighted how the increasing cost of natural catastrophe events in the twentieth century created the pressure and subsequently mechanisms that were to shift natural hazards from uninsurable perils to calculable, insurable risks. Yet, the case studies presented in the papers and general discussion showed that the specific pressures faced by each country—meteorologically, politically, and economically—had led to large variation and disparity in how national markets for natural hazard insurance have emerged.

— Alexander Hall