

INSIGHT: Climate Change, Covid-19 Are Indeed Insurable Risks

The coronavirus pandemic and climate change are two threats that insurers say they can't insure. Paley Rothman attorneys say there is no support for these assertions and coverage should be determined by examination of the terms of individual policies, specific facts, and governing law, not sweeping conclusions.

The insurance industry claims that two alleged existential threats—climate change and coronavirus— are uninsurable.

In a breathtaking statement, the Association of British Insurers (ABI) proclaimed that “no insurance market in the world provides widespread insurance coverage for pandemics and the U.K. is no exception.”

Similarly, the industry seeks to make the case that climate change exposure is, for all practical purposes, also uninsurable. Strikingly, neither is tethered to insurance policy language, facts or even specific underwriting

For its part, the ABI vaguely hedges its observation by inserting the concept widespread. In the climate change context, the insurance industry defines the energy companies as carbon majors. The purpose, one assumes, is to insinuate that energy companies knew they were damaging the environment and, as such, the risk is an uninsurable foreseeable occurrence.

The insurance industry's approach to climate change and coronavirus seeks to remove from coverage risks that it deems either to be too unforeseeable to insure (i.e., coronavirus) or too foreseeable (i.e., climate change). The insurers attempt to have it both ways reveals the weakness of that position.

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To view the full article, visit the Bloomberg Law website: "INSIGHT: Climate Change, Covid-19 Are Indeed Insurable Risks" by Robert Shulman and Cristen Rose, Insurance Recovery.



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