

NEWS NOTES ON SUSTAINABLE WATER RESOURCES

GAO Report on Floods and Crops

Government Accountability Office, *Climate Change, Better Management of Exposure to Potential Future Losses is Needed for Federal Flood and Crop Insurance*, Report to Congressional Requestors, GAO-15-28, Oct. 2014.

<http://www.gao.gov/assets/670/666698.pdf>

The May 2014 National Climate Assessment indicates that the frequency and/or severity of many weather and climate extremes may increase with climate change. Public and private property insurers can bear a large portion of the financial impact of such weather-related losses. In the public sector, federal insurance includes the National Flood Insurance Program (NFIP), managed by the Federal Emergency Management Agency (FEMA), and the federal crop insurance program, managed by the Risk Management Agency (RMA).

Since GAO's 2007 report on flood and crop insurance, exposure growth in hazard-prone areas has increased losses, and climate change and related increases in extreme weather events may further increase such losses in coming decades. Scientific and industry studies GAO reviewed generally found that increasing growth and property values in hazard-prone areas have increased losses to date and that climate change may compound this effect. From 2007 through 2013, data from the Federal Emergency Management Agency (FEMA) and the Risk Management Agency (RMA) show that exposure to potential losses for insured property grew from \$1.3 trillion to \$1.4 trillion (8 percent). According to industry data, private sector exposure to such loss grew from \$60.7 trillion to \$66.5 trillion (10 percent) from 2007 through 2012. Federal exposure to uninsured loss also increased by 46 percent over this period, based on a 2013 analysis by the Congressional Research Service. According to the studies GAO reviewed, climate change may substantially increase losses by 2040 and increase losses from about 50 to 100 percent by 2100.

GAO recommends that FEMA and RMA take additional steps to encourage flood and crop insurance policyholders to adopt building and agricultural practices that reduce long-term risk and federal exposure to losses. FEMA agreed with GAO's recommendation, and RMA neither agreed nor disagreed with GAO's recommendation.