

The Coastline at Risk: 2008 Update to the Estimated Insured Value of U.S. Coastal Properties



AIR Worldwide Corporation

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The Coastline at Risk

In the aftermath of Hurricane Katrina in 2005, AIR Worldwide released [*The Coastline at Risk: Estimated Insured Value of Coastal Properties*](#). The report stated

“While the scientific debate over the effects of global warming on the frequency and severity of hurricanes remains inconclusive, there is no question that the significant increase in the number and value of exposed properties over the last decade has and will continue to contribute to increasing hurricane losses for insurers.”

Now, almost three years since the U.S. experienced a catastrophic hurricane, little has changed. The debate within the scientific community regarding the effects of global warming on the frequency and severity of hurricanes remains vigorous, yet inconclusive. More alarming is that the increase in the number and value of exposed properties along the U.S. Gulf and East Coasts continues apace—and remains the largest factor affecting insurers’ hurricane risk today.

The data compiled for this update to *The Coastline at Risk*, based on AIR’s estimates for the insured value of properties as of December 31, 2007, show:

- From December 31, 2004 through December 31, 2007, the insured value of properties in coastal areas of the United States continued to grow at a compound annual growth rate of just over 7%. Despite the recent weakening of the real estate market in many areas, the insured value—or the cost to *rebuild* properties—has maintained an annual growth rate that will lead to a doubling of the total value every decade.
- From December 31, 2004 through December 31, 2007, the compound annual growth rate of the total value of properties in coastal counties was only marginally higher than the overall growth rate for the coastal states, or 7.3% as compared with 7.0%.
- As a result of the devastating impact of Hurricane Katrina, the total insured value of properties in the coastal counties of Louisiana has grown at the lowest compound average annual rate of all coastal states, or just over two percent. Mississippi coastal counties, also impacted by Hurricane Katrina, averaged a five percent annual increase, the second lowest of all coastal states.
- The insured value of residential and commercial properties in coastal counties of Florida and New York passed two trillion dollars each.

The following table shows AIR Worldwide’s estimates for the insured value of residential and commercial properties in coastal states and, separately, in the coastal counties within those states as of December 31, 2007. Overall, 38% of the total exposure in Gulf and East Coast states is located in coastal counties, which accounts for nearly 17% of the total value of properties in the U.S.

Estimated 2007 Insured Value of Coastal¹ Properties by State (\$B)

State	State Total (\$B)	Coastal Counties ² (\$B)	Percent Coastal
Alabama	744.8	92.5	12%
Connecticut	750.4	479.9	64%
Delaware	170.8	60.6	36%
Florida	3,119.6	2,458.6	79%
Georgia	1,573.3	85.6	5%
Louisiana	638.4	224.4	35%
Maine	250.0	146.9	59%
Maryland	1,078.4	14.9	1%
Massachusetts	1,426.4	772.8	54%
Mississippi	394.6	51.8	13%
New Hampshire	237.4	55.7	23%
New Jersey	1875.2	635.5	34%
New York	3,851.1	2,378.9	62%
North Carolina	1,431.8	132.8	9%
Rhode Island	189.3	54.1	29%
South Carolina	698.2	191.9	28%
Texas	3,493.0	895.1	26%
Virginia	1,409.4	158.8	11%
All States Above	23,332.4	8,890.8	38%
Total U.S.	53,495.0	8,890.8	17%

¹Total insured value of properties is an estimate of the cost to replace structures and their contents, including additional living expenses and business interruption coverage, for all residential and commercial property in the state that is insured or can be insured.

²Coastal counties are defined as:

Alabama: Baldwin, Mobile. **Connecticut:** Fairfield, Middlesex, New Haven, New London. **Delaware:** Kent, Sussex. **Florida:** Bay, Brevard, Broward, Charlotte, Citrus, Collier, Dixie, Duval, Escambia, Flagler, Franklin, Gulf, Hernando, Hillsborough, Indian River, Jefferson, Lee, Levy, Manatee, Martin, Miami-Dade, Monroe, Nassau, Okaloosa, Palm Beach, Pasco, Pinellas, St. Johns, St. Lucie, Santa Rosa, Sarasota, Taylor, Volusia, Wakulla, Walton. **Georgia:** Bryan, Camden, Chatham, Glynn, Liberty, McIntosh. **Louisiana:** Cameron, Iberia, Jefferson, Lafourche, Orleans, Plaquemines, St. Bernard, St. Mary, St. Tammany, Terrebonne, Vermilion. **Maine:** Cumberland, Hancock, Knox, Lincoln, Sagadahoc, Waldo, Washington, York. **Maryland:** Worcester. **Massachusetts:** Barnstable, Bristol, Dukes, Essex, Nantucket, Norfolk, Plymouth, Suffolk. **Mississippi:** Hancock, Harrison, Jackson. **New Hampshire:** Rockingham. **New Jersey:** Atlantic, Cape May, Cumberland, Hudson, Middlesex, Monmouth, Ocean. **New York:** Bronx, Kings, Nassau, New York, Queens, Richmond, Suffolk. **North Carolina:** Beaufort, Brunswick, Camden, Carteret, Chowan, Currituck, Dare, Hyde, New Hanover, Onslow, Pamlico, Pasquotank, Pender, Perquimans, Tyrrell, Washington. **Rhode Island:** Bristol, Newport, Washington. **South Carolina:** Beaufort, Charleston, Colleton, Georgetown, Horry, Jasper. **Texas:** Aransas, Brazoria, Calhoun, Cameron, Chambers, Galveston, Harris, Jackson, Jefferson, Kenedy, Kleberg, Matagorda, Nueces, Refugio, San Patricio, Victoria, Willacy. **Virginia:** Accomack, Northampton, Hampton City, Norfolk City, Poquoson City, Portsmouth City, Virginia Beach City.

About AIR Worldwide Corporation

AIR Worldwide Corporation (AIR) is the scientific leader and most respected provider of risk modeling software and consulting services. AIR founded the catastrophe modeling industry in 1987 and today models the risk from natural catastrophes and terrorism in more than 50 countries. More than 400 insurance, reinsurance, financial, corporate and government clients rely on AIR software and services for catastrophe risk management, insurance-linked securities, site-specific wind and seismic engineering analyses, and property replacement cost valuation. AIR is a member of the ISO family of companies and is headquartered in Boston with additional offices in North America, Europe and Asia.