

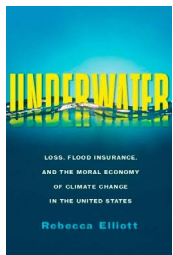
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## Underwater: Loss, Flood Insurance and the Moral Economy of Climate Change in the United States.

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Despite the shroud of actuarial rationality and scientific objectivity that surrounds modern insurance, insurance remains a thoroughly moral technology. In present day understandings, insurance involves the organization of loss through the notions of responsibility and solidarity – responsibility in the sense that individuals can take charge of their own fortunes, or at least the economic aspects thereof; solidarity in the sense that immediate losses are spread out over larger risk collectives (Baker 2000). This, by now, is a well-established insight from insurance studies that has generated a wealth of research on the politico-moral aspects of both private and social insurance schemes in contemporary capitalist societies.

In *Underwater*, Rebecca Elliott takes up the theme of insurance as a moral technology and examines the role of insurance in what she calls the moral economy of climate change, a term that denotes the moral constellations that shape decisions about who should carry the losses associated with climate change. Based on an impres-

sive amount of empirical research, *Underwater* presents an illuminating account of the US National Flood Insurance Program (NFIP), which saw the light of day in the late 1960s and has proved controversial ever since. Following Hurricane Betsy in 1965, the Johnson administration mandated a study into the possibility of stemming the costs of disaster assistance by providing relief through a system of insurance and reinsurance. In the wake of the Great Mississippi Flood of 1927, private insurers had ceased offering flood risk protection, and, after a period of ballooning disaster relief costs in the 1950s, the NFIP was meant to fill that gap. In many ways, the NFIP resembles some of the other tools of American statecraft, such as government-sponsored housing credit, which seek to govern through markets to pursue particular policy aims. These arrangements are fiscally and ideologically “light” (Quinn 2019), and maximize state capacity without the symbolic invasiveness of more overtly state-based solutions.

Elliott’s historical account of the NFIP tells us it has not been an undivided success. Although the idea of an insurance-based scheme was that making contributions to the NFIP contingent on risk would lead to better informed decisions about where and how to live, the program seems to have done little to prevent development in America’s high-risk flood plains; throughout its history, moreover, various aspects of the program have become hotly contested; and this appears to be the case because, as Elliott shows us, the main aims of the NFIP have been continuously in tension with one another: on the one hand, it was to provide a more efficient system to disburse funds for flood victims; on the other, there was the program’s risk-signaling element, which was to discourage development in high-risk

areas. While the aim of efficient disaster assistance required affordability, the aim of disincentivizing unwise land use required actuarial pricing reflective of “true risk”; and while affordability was of key concern in the early stages of the program, which contained provisions for subsidized insurance pricing, cross-partisan political commitment to budgetary consolidation shifted the emphasis increasingly towards actuarial risk pricing from the 1980s onwards. In more recent years, politicians and grass roots movements have once again sought to put moral considerations around the affordability of flood insurance back on the map. Rather than providing an unproblematic technocratic solution to the problem of flooding, Elliott argues, flood insurance “became a way to negotiate who could live where, for how long, and on what terms” and interacts with broader ideas about “deservingness” (p. 5).

The book’s argument is worked out over five substantive chapters that each take a different point of view on the moral economy of US flood insurance. Chapter 1, for instance, deals with the history of the NFIP, showing how the tension between affordability and the program’s risk-signaling function was baked into the program from its very beginning, and how the program interacted for instance with racial inequality. Chapter 2 moves from the historic to the ethnographic register and deals with the various meanings attributed to flood risk in the flood-prone areas of New York. Chapter 3 zooms in on the political aspects of flood map production, showing how the many ways in which flood risk can be constructed credibly leaves ample space for the contestation of specific constructions of flood risk; this has indeed been a key avenue for opposition against premium hikes. Chapter 4 takes us back to the legislative track and examines

the politics around the 2012 Biggert-Waters Flood Insurance Reform Act, which precipitated a coalition that sought to bring affordability concerns back to the political agenda. Chapter 5 explores the possible futures of the American flood plains, distinguishing three trends that will likely (continue to) shape the destinies of flood plain residents: climate gentrification and the displacement of communities (especially the underprivileged ones), a wholesale retreat from the flood plains, and continued development and protection. The conclusion returns to the issue of climate change and its moral economy, taking the case of flood insurance as an example of how we should think about the politics of climate-related losses more broadly and the role of insurance therein: namely, through the three-pronged question of “responsibility for loss, justification of loss, and compensation for loss” (p. 201).

Taken together, *Underwater* gives a well-written and penetrating account of the moral and political conundrums that surround insurance as a mechanism for dealing with loss. The book excels especially where it remains closest to the empirical material. The ethnographic vignettes make vividly visible the impact on people’s lives of what might otherwise remain a rather abstract-seeming and impersonal governance mechanism. Striking, for instance, is Elliott’s observation that in New York’s

flood plains post-Hurricane Sandy, just when the newly updated flood maps had taken effect, for many residents “the map, rather than the flood, seemed to become the key trigger of loss” (p. 91). The flood maps determine in which risk zones properties are included and how high insurance premiums should be; and the inclusion of a community in a high-risk zone may well mean that housing costs in the area become prohibitively expensive for many of its least wealthy residents, possibly endangering long-standing communities. Flood maps, in this light, may well be “scarier than another storm” (p. 72).

The book is also full of interesting details. In chapter 2, for instance, Elliott describes how, in that same post-Hurricane New York, insurance became a pastoral matter: “reverends attended flood insurance workshops held by housing and legal aid organizations in Coney Island, Brooklyn, so as to better support their parishioners facing tough circumstances” (p. 94). Another more politically relevant detail concerns the Write-Your-Own Program, which has been a feature of the NFIP since the Reagan administration and essentially entails private insurers being enrolled to provide the sales distribution network, issuing policies on their own paper (hence the name of the program), while the NFIP carries the risk. “With this structure,” Elliott notes, “flood

insurance looks like a private market, with the state submerged and governing out of view” (p. 65). On a more critical note, some of the book’s themes could have been worked out in more depth. Here I’m thinking for instance about the context of financialization and the role of capital markets and insurance-linked securities in altering the moral economy of climate change. The slightly superficial reading of developments in this area is a missed opportunity to latch onto contemporary debates about the role of private capital in dealing not only with “green” investment but also with the distribution of losses. This minor issue, however, hardly detracts from the book. *Underwater* will provide for essential reading for a range of different scholars, including social scientists studying insurance, researchers interested in the moral aspects of climate change and climate change induced losses, and geographers interested in the impact of climate change on how and where we live. *Underwater* does not provide any easy answers to how we should think about insurance in a climate changed world, and, of course, it cannot. It does, however, provide us with some useful tools for navigating the moral economy of the losses associated with climate change and for thinking about what should be the proper place of insurance within it.