

Who Bears the Burden of Climate Inaction?

With contributions from Janina Shivdasani.

Concern

Climate change is already costing American households hundreds of dollars each year right now - with the largest burdens falling on low-income families and disaster-prone regions.

Where things stand

U.S. households face \$901 per year in climate-driven costs on average, and \$1,325 in the hardest-hit counties. Most current damage stems from extreme weather, wildfires, and rising insurance premiums rather than gradual warming.

Stakes & relevance

These burdens are economically regressive: low-income households spend more of their limited budgets on energy, housing, and insurance. Climate costs fall unevenly across regions, with the Pacific, Mountain West, Gulf Coast, and Florida facing the highest burdens.

Zooming out

Climate impacts cascade across systems, affecting insurance markets, healthcare, energy bills, and local government finances. Risk spreads nationally, meaning households far from disasters still pay more.

Key challenges

Climate-driven costs are hidden in everyday bills, from insurance premiums to utility rates. A single disaster can raise household costs for years. Market structures spread risk unevenly, and many climate costs remain undercounted.

Clearing the air

[This MIT paper's](#) findings underscore that today's climate burden is not primarily about rising temperatures; it's about disasters, smoke, and insurance shocks. Climate damages are not partisan, affecting red and blue counties at similar levels. And the true cost of inaction is likely significantly higher than current estimates due to omitted categories.

Policy Insights:

1. **Policy signals:** Strengthen disaster mitigation, stabilize insurance markets, and direct resources toward the most vulnerable communities.
2. **Industry practices:** Improve risk disclosure, coordinate