Published on *Adam Smith Institute* (http://www.adamsmith.org)

Stupid, stupid, people [1]

Written by **Tim Worstall** [2] | Monday 26 August 2013

The question for today: are we actually ruled by fools [3]?

> Half a million households in flood-prone neighbourhoods will see annual insurance bills rise by up to one third, even after they have been subsidised by policyholders across the country. Ministers have reached a new deal with insurance firms they claim will protect hundreds of thousands of people whose homes are at risk of severe water damage, and who struggle to afford insurance on the open market. When the new scheme was first announced in June, householders were promised that there would be no increase in bills in general. But an analysis of the new plan, conducted by government officials and independent experts, has found that every home insurance policy holder in Britain faces increased bills.

Yes, it appears that we are ruled by fools.

There is no sensible argument that supports the idea that I, living one hundred metres above the flood plain, should subsidise the flood insurance of someone dim enough to live actually on the flood plain. Their tootsies are going to get wet every few years, mine are not. This is because they have decided to live where there is a risk of flooding and I have decided to live where there is not.

We want insurance costs to act as an incentive. Young drivers pay more in insurance that those mature in years like myself: those young drivers are more likely to have an accident and cost the insurers money. Convicted arsonists are quite likely charged more for their fire insurance: we want people at higher risk of flooding to pay higher premiums for flood insurance. Mainly to stop people being so damn stupid as to build houses where there is a high risk of flooding.

What is it about this extremely simple idea that seems to have beeen missed by those who claim the right to dispose of 50% of everything that the country collectively produces? And perhaps more to hte point why do we allow them to take 50% of everything when they're quite clearly off their collective rocker?

blog comments powered by Disqus [5]

Source URL: http://www.adamsmith.org/blog/politics-government/stupid-stupid-people

Links:
[1] http://www.adamsmith.org/blog/politics-government/stupid-stupid-people
[2] http://www.adamsmith.org/taxonomy/term/5833
[3] http://www.telegraph.co.uk/topics/weather/10263654/Everyone-to-pay-more-to-insure-flood-risk-homes.html
[4] http://disqus.com/?ref_noscript
[5] http://disqus.com