



NEWS RELEASE

# Global Average Annual Insured Losses from Extreme Events in Excess of \$120 Billion, New Report from Verisk Finds

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Analysis highlights key factors that contribute to increase in insured losses: the number and value of properties exposed to risk, natural variability when losses occur, climate change, and man-made loss drivers

BOSTON, Sept. 28, 2022 (GLOBE NEWSWIRE) -- Today, Verisk Extreme Event Solutions released its **2022 Global Modeled Catastrophe Losses Report** detailing key global financial loss metrics based on its latest suite of catastrophe models. Verisk (Nasdaq:VRSK) estimates that on an annual average basis, catastrophes around the world are expected to cause about \$123 billion in insured losses compared to an average of \$74 billion in actual losses over the past 10 years. This risk profile is assessed using Verisk's global suite of models, which generate an industry exceedance probability (EP) curve that helps put years with high insured losses – like 2011 and 2017 - into context.

“The most significant factor driving increased catastrophe losses over the past few years is the rise in exposure values and replacement costs,” said Bill Churney, president of Verisk Extreme Event Solutions. “Both are represented by continued construction in high-hazard areas as well as high levels of inflation that are driving up repair and rebuild costs. For this reason, it’s important for insurers to regularly reassess their exposures, particularly in the most vulnerable urban and coastal areas. Updating the property replacement values used in catastrophe modeling and other processes helps to ensure a more informed view of risk.”

It is also important to consider the uncertainty and natural variability associated with global catastrophe losses. The current 5-year actual loss period has immediately followed a 10-year period of lower levels of loss highlighted by fewer loss-causing hurricanes in the Atlantic basin. Far larger years of insured losses can and will likely occur in today's climatic conditions, and while climate change is contributing to increased catastrophe losses, it is to a lesser degree than the

growth in the number and value of exposed properties.

Verisk's models estimate a more than 40% chance of experiencing a 5-year average loss in excess of \$100B, meaning the last 5 years should not be viewed as out of the ordinary. Also, Verisk's models show at least a 50% chance of experiencing a single year in the next decade with insured losses in excess of \$200B.

"All catastrophes can contribute to losses, whether they are a single major event, an aggregation of smaller ones, or a combination of the two. As demonstrated by this report, Verisk models are effectively capturing the scale of recent losses, but also indicate that years of more extreme losses are possible," said Dr. Jayanta Guin, executive vice president and chief research officer of Verisk Extreme Event Solutions. "We continue to invest in catastrophe models that provide a global and comprehensive view of the complex nature of risk today and of the near-present climate."

The 2022 edition of the Global Modeled Catastrophe Losses report bases its global loss metrics on Verisk's latest suite of catastrophe models, including updates released during 2022 and updated industry exposure databases (IEDs) around the world.

Download the 2022 *Global Modeled Catastrophe Losses* report here: <https://bit.ly/GlobalEP2022>

## About Extreme Event Solutions at Verisk

Extreme event solutions at Verisk (AIR Worldwide) provides risk modeling solutions that help individuals, businesses, and society become more resilient to extreme events. In 1987, Verisk founded the catastrophe modeling industry and today models the risk from natural catastrophes, supply chain disruptions, terrorism, pandemics, and casualty catastrophes. Insurance, reinsurance, financial, corporate, and government clients rely on Verisk's advanced science, software, and consulting services for catastrophe risk management, insurance-linked securities, longevity modeling, site-specific engineering analyses, and agricultural risk management. Verisk's extreme event solutions team is headquartered in Boston, with additional offices in North America, Europe, and Asia. For more information, please visit [www.air-worldwide.com](http://www.air-worldwide.com). For more information about Verisk, a leading data analytics provider serving customers in insurance, energy and specialized markets, and financial services, please visit [www.verisk.com](http://www.verisk.com).

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