

1H 2013 Global Natural Disaster Analysis

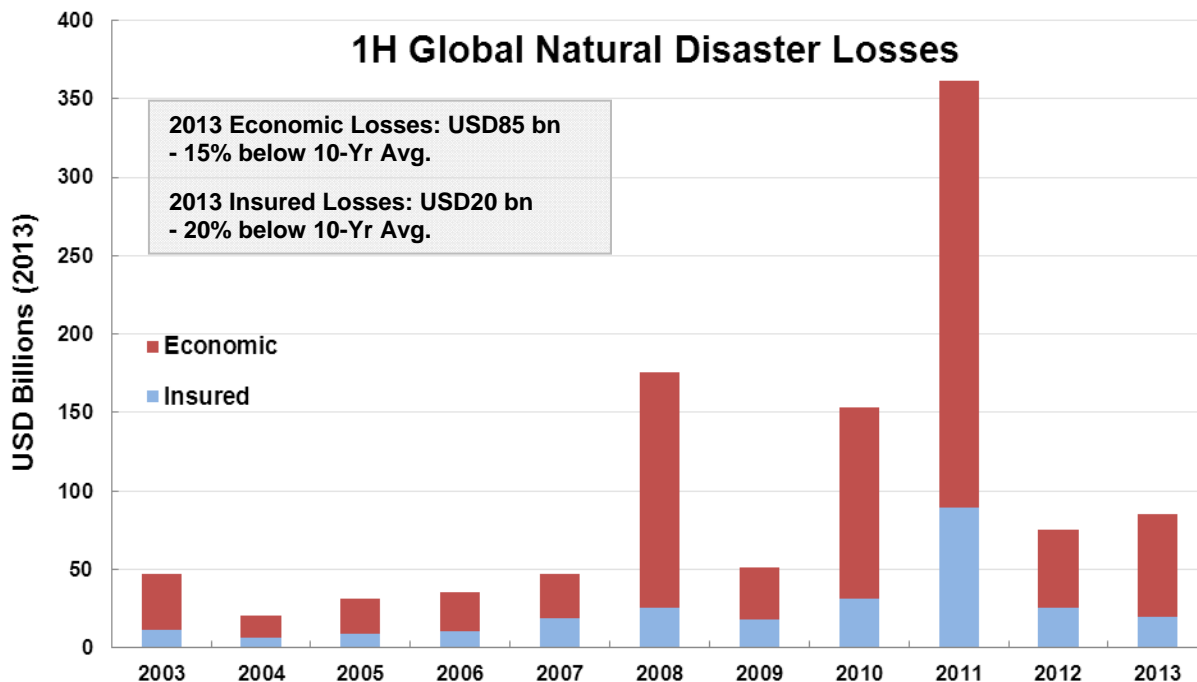


Table of Contents

Overview	3
Costliest Economic Loss Events	3
Costliest Insured Loss Events	4
Additional Comments	5
Contact Information	6
About Impact Forecasting® LLC	6
About Aon Benfield	6

Overview

Global natural disaster losses during the first half of 2013 on both an economic and insured basis were each below the recent 10-year (2003-2012) averages. Economic losses were USD85 billion (down 15% from the 10-year average of USD100 billion) and insured losses were USD20 billion (down 20% from the 10-year average of USD25 billion). The flood peril was the costliest disaster type during 1H 2013, comprising 42% of the economic loss and 43% of the insured loss with significant events in Europe, Asia, Canada, and Australia.



Source: Aon Benfield Impact Forecasting

The first-half percentage of global economic losses in 2013 that were covered by insurance was roughly 24%, which is slightly below the longer term 10-year average of 28%. The larger disparity between the economic and insured loss is indicative of multiple significant catastrophe events occurring in areas where insurance penetration or specific peril coverage remains low.

Roughly 50% of the insured losses during 1H 2013 were sustained in the United States, which represents a decrease from the 83% seen in 1H 2012. During 1H 2011, the U.S. only represented 35% of the insured loss as major events in Asia-Pacific (such as the Japan EQ, New Zealand EQ, Australia Floods) comprised 64%.

Costliest Economic Loss Events (1H 2013)

From an economic loss perspective, the costliest natural disaster during the first half of 2013 was, by far, the massive flooding event across Central Europe in May and June. Nearly 25% of the economic losses (USD22 billion) during 1H were attributable to that event. The second costliest event was the magnitude-6.6 earthquake with an epicenter in China's Sichuan Province on April 20; the Chinese government listed reconstruction costs at USD14 billion. The drought peril also caused large losses during the period, with the billion-dollar threshold crossed in events in Brazil (USD8.3 billion), China (USD4.2 billion), and New Zealand (USD1.6 billion).

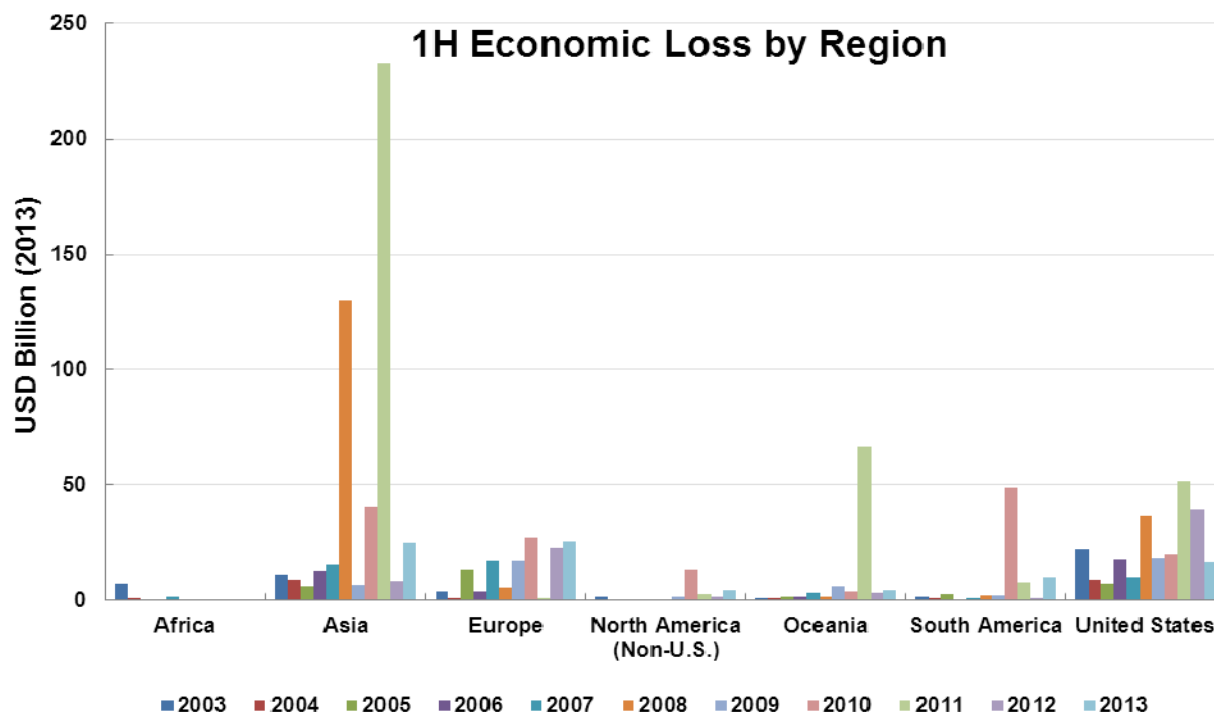
In the United States, there were five separate billion-dollar events in 1H 2013. Globally, there were 19 natural disasters with economic losses beyond USD1.0 billion.

Top 5 Economic Events

Date	Event	Location	Deaths	Economic Loss ¹ (USD)
May/June 2013	Flooding	Central Europe	23	22 billion
April 20, 2013	Earthquake	China	196	14 billion
January/June 2013	Drought	Brazil	0	8.3 billion
May 18-22, 2013	Severe Weather	United States	29	4.5 billion
January/June 2013	Drought	China	0	4.2 billion

¹Totals subject to change

The chart below provides a breakdown of first-half global economic losses broken down by region and also a look at losses dating to 2003. In 1H 2013, Europe and Asia sustained the highest level of losses (USD25.5 billion and USD24.5 billion, respectively), with the United States sustaining USD16.4 billion. Global economic losses in 1H 2013 were 13% higher than in 2012 (USD75 billion) and 76% lower than in 2011 (USD361 billion).



Source: Aon Benfield Impact Forecasting

Costliest Insured Loss Events (1H 2013)

There were at least seven separate billion-dollar insured loss events during the first half of 2013. The costliest insured event was the May/June flooding across Central Europe, where insurance payouts are anticipated to be at least USD5.3 billion. Most of those losses were attributable to flood damage in Germany. Additional billion-dollar flood events were registered in Canada and Australia.

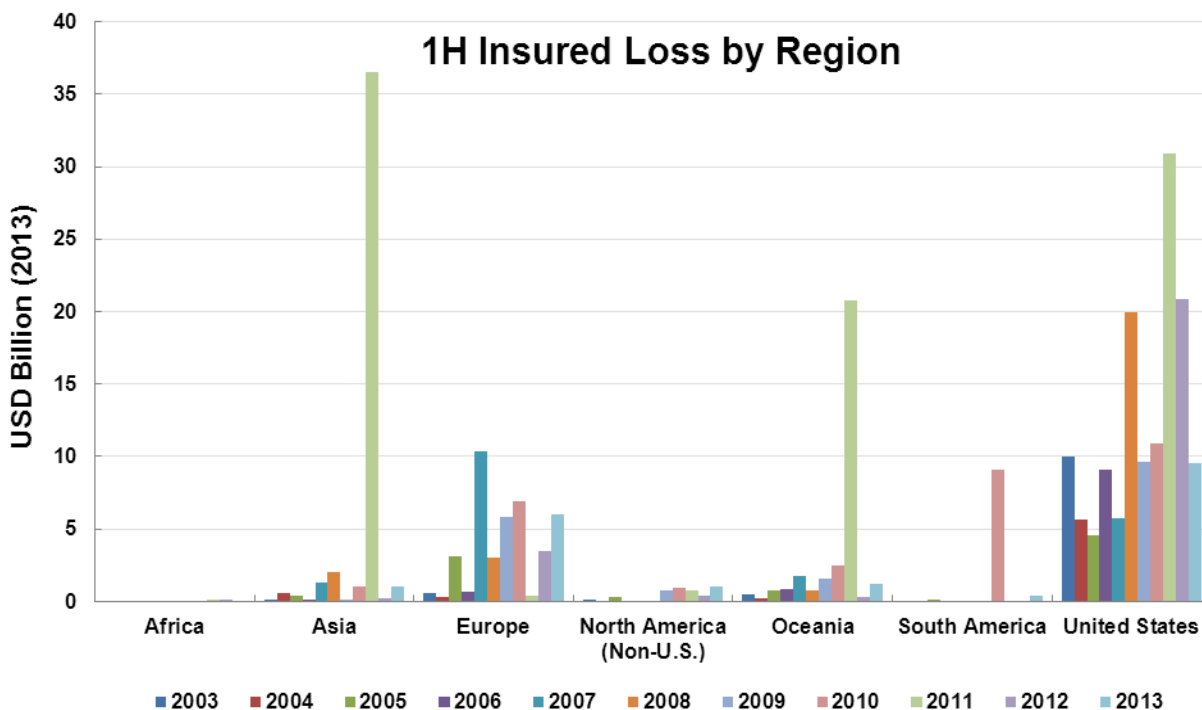
In the U.S., four billion-dollar insured loss events were recorded. The costliest singular U.S. event, at USD2.5 billion, resulted from a stretch of severe weather (May 18-22) that was highlighted by an EF-5 tornado in Moore, Oklahoma that damaged or destroyed as many as 13,000 homes and other structures.

Billion-Dollar Insured Loss Events

Date	Event	Location	Deaths	Insured Loss ¹ (USD)
May/June 2013	Flooding	Central Europe	23	5.3 billion
May 18-22, 2013	Severe Weather	United States	29	2.5 billion
March 18-20, 2013	Severe Weather	United States	2	1.25 billion
May 26-June 2, 2013	Severe Weather	United States	27	1.20 billion
January 2013	Flooding	Australia	6	1.04 billion
June 2013	Flooding	Canada	4	1.0 billion
April 7-11, 2013	Winter Storm	United States	3	1.0 billion

¹Totals subject to change

The chart below provides a breakdown of first-half global insured losses broken down by region and also a look at losses dating to 2003. The U.S. sustained the highest level of insured losses (USD9.5 billion), which represented nearly 50% of the USD20 billion that was incurred globally. It should be noted that U.S. insured losses in 2013 were 54% less than what was sustained in 1H 2012 (USD20.8 billion) and 69% less than what was registered in 1H 2011 (USD30.9 billion).



Source: Aon Benfield Impact Forecasting

Additional Comments

For a more detailed analysis of 2013 natural disaster events, please see Aon Benfield's monthly Global Catastrophe Recap series, which can be found at the link below:

<http://thoughtleadership.aonbenfield.com/Pages/Home.aspx?reportcategory=Impact Forecasting>

For additional historical global natural disaster loss data, including a breakdown of losses by peril, please visit Aon Benfield's Catastrophe Insight website: www.aonbenfield.com/catastropheinsight

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About Impact Forecasting

Impact Forecasting® is a catastrophe model development center of excellence within Aon Benfield whose seismologists, meteorologists, hydrologists, engineers, mathematicians, GIS experts, finance, risk management and insurance professionals analyze the financial implications of natural and man-made catastrophes around the world. Impact Forecasting's experts develop software tools and models that help clients understand underlying risks from hurricanes, tornadoes, earthquakes, floods, wildfires and terrorist attacks on property, casualty and crop insurers and reinsurers. Impact Forecasting is the only catastrophe model development firm integrated into a reinsurance intermediary. To find out more about Impact Forecasting, visit impactforecasting.com.

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