

# 1H 2014 Global Catastrophe Recap



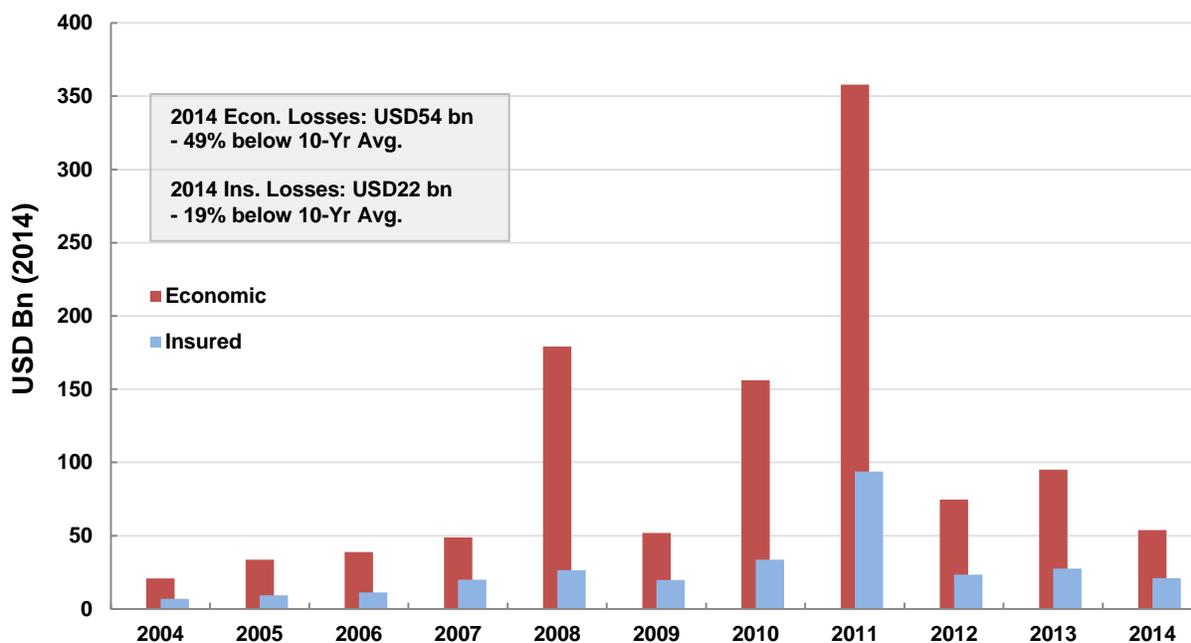
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## Overview

Global natural disaster losses during the first half of 2014 from both an economic and insured loss perspective were each below their recent 10-year (2004-2013) averages. Economic losses were USD54 billion (down 49% from the 10-year average of USD106 billion) and insured losses were USD22 billion (down 19 percent from the 10-year average of USD27 billion). Each total is considered preliminary and subject to change. The severe thunderstorm peril was the costliest disaster type during 1H 2014, comprising 32% of the economic loss and 46% of the insured loss. Most of the costs were attributed to hail and wind events in the United States and Europe.

**EXHIBIT 1: First Half Global Natural Disaster Losses (2004-2014)**



Source: Aon Benfield Impact Forecasting

The first-half percentage of global economic losses in 2014 that were covered by insurance (including both private insurers and government-sponsored programs) was roughly 39%, which is above the longer term 10-year average of 30%. The slightly higher percentage between the economic and insured loss is indicative of a higher majority of the disaster losses occurring in regions with higher insurance penetration. This is further confirmed as event losses were not as costly in Asia and Africa this year as compared with recent 1H totals.

Roughly 55% of the insured losses during 1H 2014 were sustained in the United States, which represents a slight decrease from the nearly 60% seen in 1H 2013. Europe was second with 23% of the insured loss; and Asia was third with 19%. 2011 remains the record holder for first-half losses with USD94 billion.

## Economic Losses

From an economic loss standpoint, the costliest natural disaster during the first half of 2014 was the series of major snowstorms that affected much of Japan during a 10-day span in February. The excessive snow and ice caused considerable damage in several prefectures, including the greater Tokyo metropolitan region. The second-costliest event was the catastrophic floods that inundated the Balkans in Southeast Europe in May. Other multi-billion dollar events included U.S. severe thunderstorms, U.S. winter weather, U.S. drought, Brazil drought, France/Germany hailstorm, UK floods, and China floods.

There were 11 separate billion-dollar events in 1H 2014 (all weather-related), including four in the United States.

## Multi-Billion Dollar Economic Loss Events

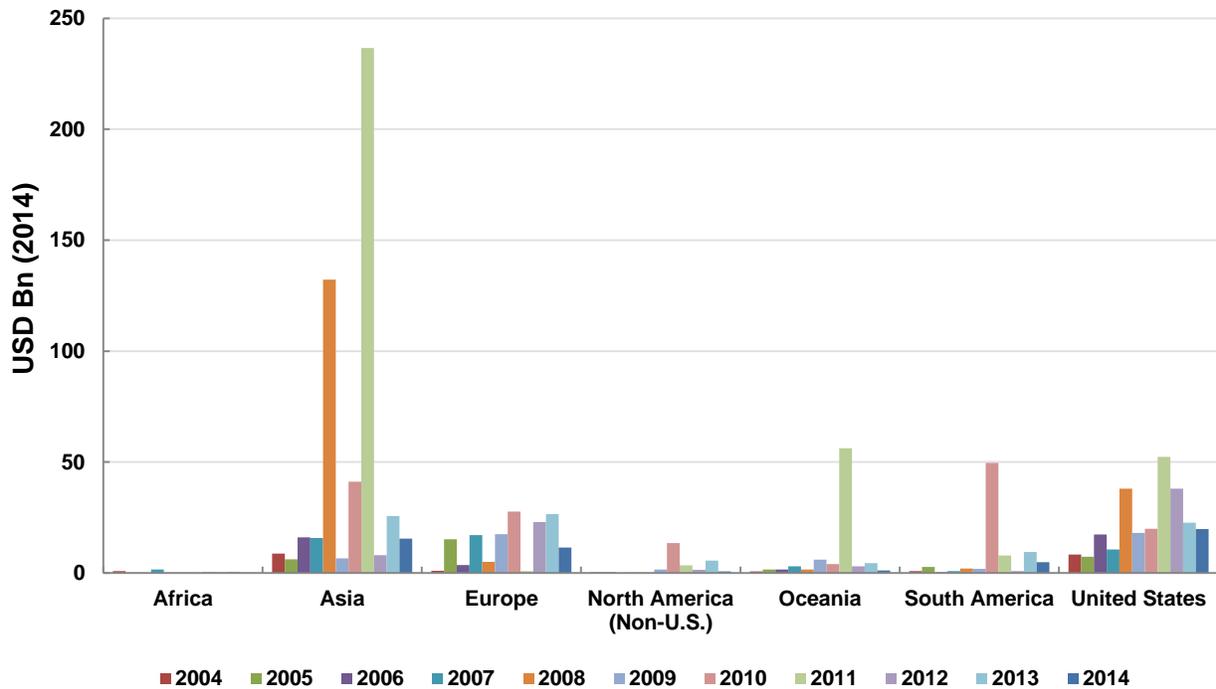
Date	Event	Location	Deaths	Economic Loss <sup>1</sup> (USD)
February 2014	Winter Weather	Japan	95	6.25 billion
May 2014	Flooding	Serbia, Bosnia, Romania, Slovakia	80	4.50 billion
January/June 2014	Drought	Brazil	N/A	4.30 billion
January/June 2014	Drought	United States	N/A	4.00 billion
June 8-10, 2014	Severe Weather	France, Germany, Belgium	6	3.50 billion
January 5-8, 2014	Winter Weather	United States	21	3.00 billion
May 18-23, 2014	Severe Weather	United States	0	2.50 billion
April 27-May 1, 2014	Severe Weather	United States	39	2.00 billion

<sup>1</sup>Totals subject to change

Exhibit 2 below provides a breakdown of first-half global economic losses by region, and also a comparison of losses dating to 2004. In 1H 2014, the United States sustained the highest level of losses (USD19.8 billion) with costs driven by several severe weather events, an active winter season and an ongoing drought in the West. Asia and Europe incurred losses totaling USD15.6 billion and 11.5 billion, respectively.

Global economic losses were down 43% from 2013 (USD95 billion) and down 28% from 2012 (USD75 billion).

**EXHIBIT 2: First Half Economic Losses by Region (2004-2014)**



Source: Aon Benfield Impact Forecasting

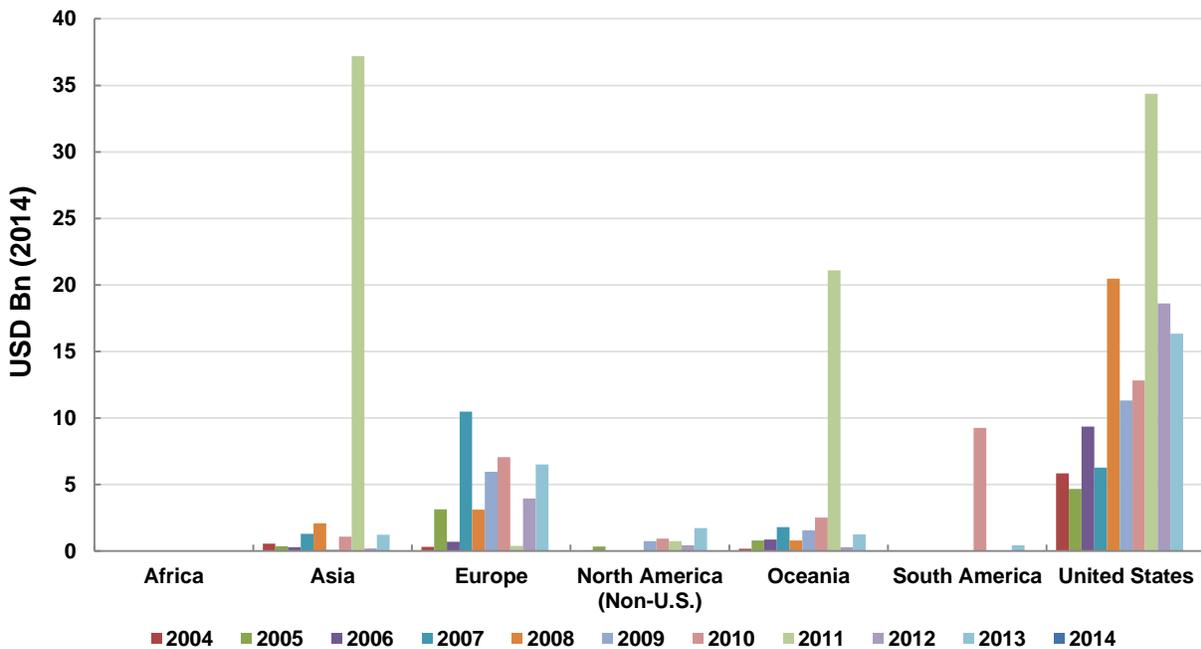
## Insured Losses

From an insurance perspective, the USD22 billion in global losses were down 19% from the recent 10-year average of USD27 billion. This was down an equal 19% from the USD27 billion also sustained in 2013 and about 8% below the USD24 billion in 2012. While neither of the two costliest events during 1H 2014 occurred in the United States, the country did sustain the highest percentage of losses. The approximate USD12 billion in U.S. insured losses translated to 55% of the global insured losses incurred during the first two quarters of the year. Europe’s nearly USD5.0 billion equaled 23%, while Asia’s USD4.0 billion represented 19%. Europe was the only region to record above-normal insured losses during 1H 2014 as the U.S., North America (Non-U.S.), South America, Asia, and Oceania were all below their recent 10-year averages.

It is worth noting that a below-normal first half does not necessarily translate to a quiet rest of the year. The third quarter has historically been the costliest for the insurance industry, which is typically driven by the peak of the Atlantic Hurricane Season. While the developing El Niño should lead to a reduction in the overall number of tropical cyclones in the Atlantic Basin throughout the rest of the season, the ultimate focus is on how many storms – if any – end up making landfall.

Exhibit 3 provides a breakdown of first-half global insured losses broken down by region and also a comparison of losses dating to 2004.

**EXHIBIT 3: First Half Insured Losses by Region (2004-2014)**



Source: Aon Benfield Impact Forecasting

## Billion-Dollar Insured Loss Events

There were at least seven separate billion-dollar insured loss events during the first half of 2014. Four of these events occurred in the United States, while two were registered in Europe and one in Asia. The two costliest insured events – with claims payouts each listed in excess of USD2.5 billion – included a significant stretch of heavy snowfall across Japan in February and a multi-day June event that caused extensive hail damage in France and Germany. The insured losses sustained from the snow event in Japan marked one of the costliest natural disaster-related events in the country’s history. Also, winter floods in the United Kingdom led to claims payouts beyond USD1.0 billion.

The U.S. billion-dollar events included the January Polar Vortex winter weather event, two stretches of springtime severe weather, and the ongoing drought in the West.

Date	Event	Location	Deaths	Insured Loss <sup>1</sup> (USD)
February 2014	Winter Weather	Japan	95	2.50 billion
June 8-10, 2014	Severe Weather	France, Germany, Belgium	6	2.50 billion
January 5-8, 2014	Winter Weather	United States	21	1.60 billion
May 18-23, 2014	Severe Weather	United States	0	1.50 billion
April 27-May 1, 2014	Severe Weather	United States	39	1.25 billion
Winter 2014	Flooding	United Kingdom	0	1.00 billion
January-June 2014	Drought	United States	N/A	TBD (Billions)

<sup>1</sup>Totals subject to change

## Additional Comments

For a more detailed analysis of 2014 natural disaster events or any previous editions of the Annual Global Climate and Catastrophe Report, 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%20forecasting>

For additional historical natural disaster loss data and information, including a breakdown of losses by peril and region and Top 10 lists, please visit Aon Benfield’s Catastrophe Insight website:

[www.aonbenfield.com/catastropheinsight](http://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](http://impactforecasting.com).

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