



# Global Catastrophe Recap: First Half of 2017

July 2017

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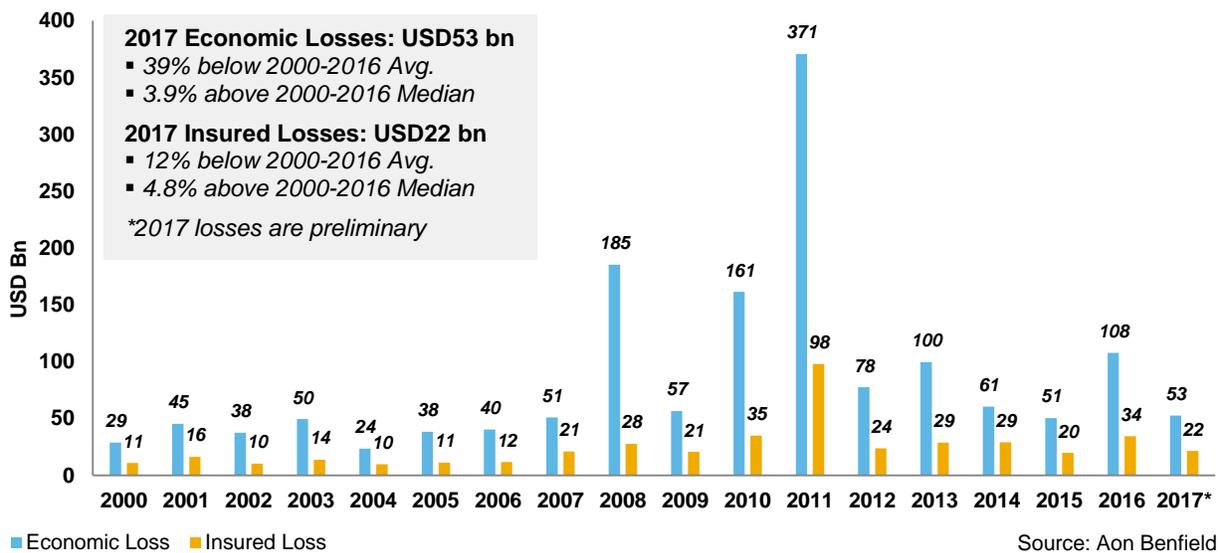
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## Overview

Global natural disaster losses during the first half (1H) of 2017 were below their 17-year (2000-2016) averages and the more recent 10-year (2007-2016) averages from both an economic and insured loss perspective. As seen in Exhibit 1, economic losses were estimated at **USD53 billion**; down a considerable 56 percent from the 10-year average of USD122 billion and down 39 percent from the 17-year average of USD87 billion. Insured losses were preliminarily estimated at **USD22 billion**; down 35 percent from the 10-year average of USD34 billion and down 12 percent from the 17-year average of USD25 billion. Each total is considered preliminary and subject to change.

Given an extreme outlier year of losses during 2011, conducting a median analysis provides a different and more accurate depiction of disaster losses in recent years. This analysis shows that 2017 first half natural disaster losses were actually 4 percent above the 2000-2016 median on an economic basis (USD51 billion) and 5 percent higher on an insured loss basis (USD21 billion).

**EXHIBIT 1: 1H Global Natural Disaster Losses (2000-2017)**



However, when looking at weather-only global losses it is found that while the economic impact still lagged behind the long-term averages, it was to a much lesser degree. Weather-only economic losses were estimated at USD52 billion; down 28 percent from the 10-year average of USD72 billion and down 7 percent from the 17-year average of USD56 billion. Insured losses were preliminarily estimated around USD22 billion; down 15 percent from the 10-year average of USD26 billion and 10 percent above the 17-year average of USD20 billion. As a reminder, each total is considered preliminary and subject to change.

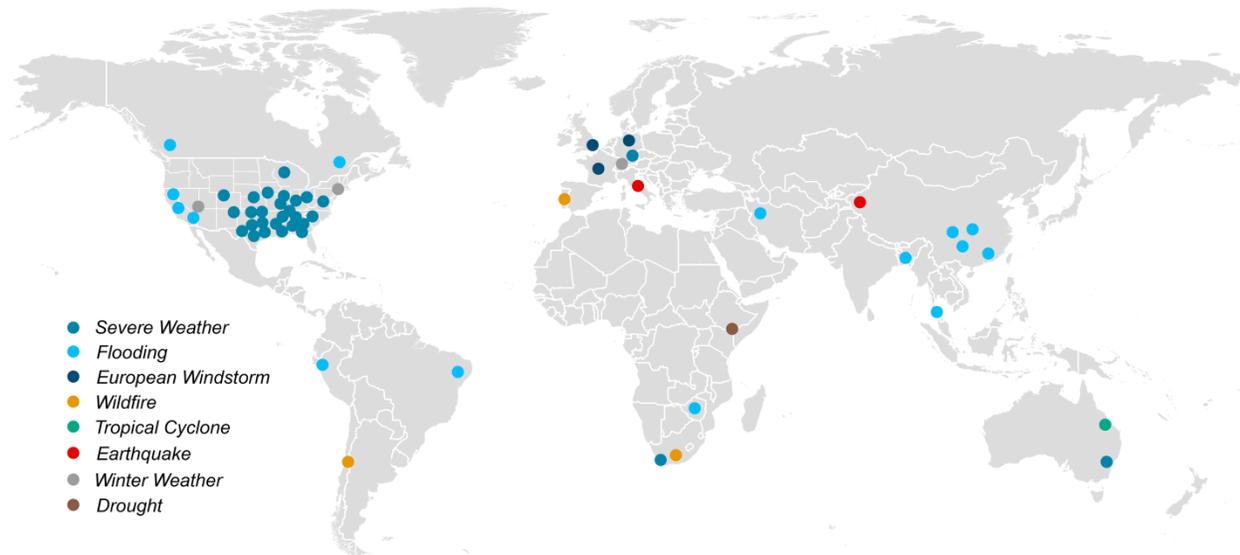
Natural disasters claimed at least 2,782 lives during the first half of 2017; this number was at its lowest since 1986. It is also significantly below long-term (1980-2016) average of 40,867 and a median of the same period, 7,991 fatalities. Flooding was the deadliest peril of the first two quarters of 2017, being responsible for at least 1,806 deaths.

The severe convective storm (SCS) peril was the costliest disaster type during 1H 2017 on an economic basis (nearly USD26 billion), comprising 48 percent of the loss total. The bulk of this loss (USD23 billion) was attributed to multiple severe weather outbreaks that impacted the United States from the beginning of January through the end of June. On the insurance side, the severe convective storm peril was also the costliest (USD17+ billion), comprising a significant 78 percent of the loss total. Most of the insurable losses (nearly USD16 billion) were attributed to the aforementioned severe weather outbreaks that prompted widespread hail, damaging straight-line winds, and tornadoes in the United States.

The first-half percentage of global economic losses in 2017 that were covered by insurance (including both private insurers and government-sponsored programs) was 42 percent, which is above both the near-term 10-year and 2000-2016 averages of approximately 32 percent. The higher percentage of the economic loss covered by insurance speaks to a greater majority of the disaster losses occurring in regions with higher insurance penetration. It additionally suggests that insurance take-up rates continue to grow in areas beyond the United States – notably in parts of Asia-Pacific (APAC) and the Americas.

A large portion of the insured losses during 1H 2017 were sustained in the United States, with the country representing 76 percent of global losses sustained by public and private insurance entities. A series of significant severe weather outbreaks across central, southern, and eastern sections of the country led the way for losses. EMEA (Europe, Middle East & Africa) and Asia-Pacific (APAC) each accounted for 10 percent of the insured loss. The Americas made up slightly 4 percent of the global total. 2011 remains the record holder for all-time first-half losses at USD98 billion (2017 USD).

**EXHIBIT 2: Significant natural disasters in 1H 2017**



*\* based on events that incurred economic loss > USD200 million or insured loss > USD100 million*

## Economic Losses

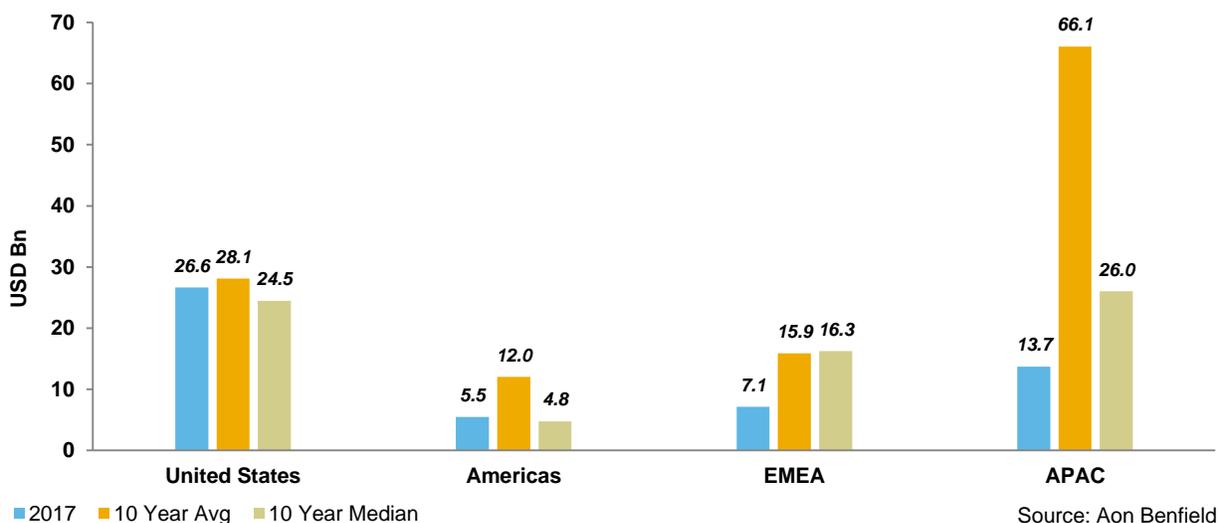
From an economic loss standpoint, the costliest natural disaster during the first half of 2017 was a multi-week flood event from mid-June into early July across China’s Yangtze River basin that left more than 410,000 homes damaged or destroyed, vast swaths of cropland submerged, and damaged infrastructure. Total economic losses exceeded USD6.4 billion. The second-costliest was a months’-long episode of flooding in Peru from mid-January through March. Total damage and reconstruction costs throughout the impacted areas were estimated at roughly USD3.2 billion.

Additional noteworthy events included multiple severe weather outbreaks and flooding that impacted the United States from January through June leading to economic losses of more than USD22 billion. The single costliest outbreak occurred from May 8-11 and affected parts of the Rockies, Plains, and Midwest. In Australia, Cyclone Debbie made landfall in late March leading to significant flooding in southeastern Queensland and northeastern New South Wales. Economic losses were estimated to approach USD2.4 billion. The remnants of the system additionally brought heavy rainfall to New Zealand during the first week of April causing flooding in portions of both North and South Islands. Also, severe drought conditions worsened in the Horn of Africa through the first half of 2017. Economic losses in Somalia, Kenya, and Ethiopia were estimated at USD1.9 billion.

Exhibit 3 provides a breakdown of first-half global economic losses by region, and also a comparison of losses dating to 2007 on both a mean and median basis. In 1H 2017, the United States sustained the highest level of economic losses (USD27 billion) with APAC second at USD13.7 billion. EMEA incurred economic losses at USD7.1 billion while the Americas noted losses at USD5.5 billion.

Economic losses were down 51 percent from 2016 (USD108 billion) and up 4 percent from 2015 (USD51 billion). Losses were down most substantially on a mean basis across all regions outside the United States.

**EXHIBIT 3: 1H Economic Losses by Region**



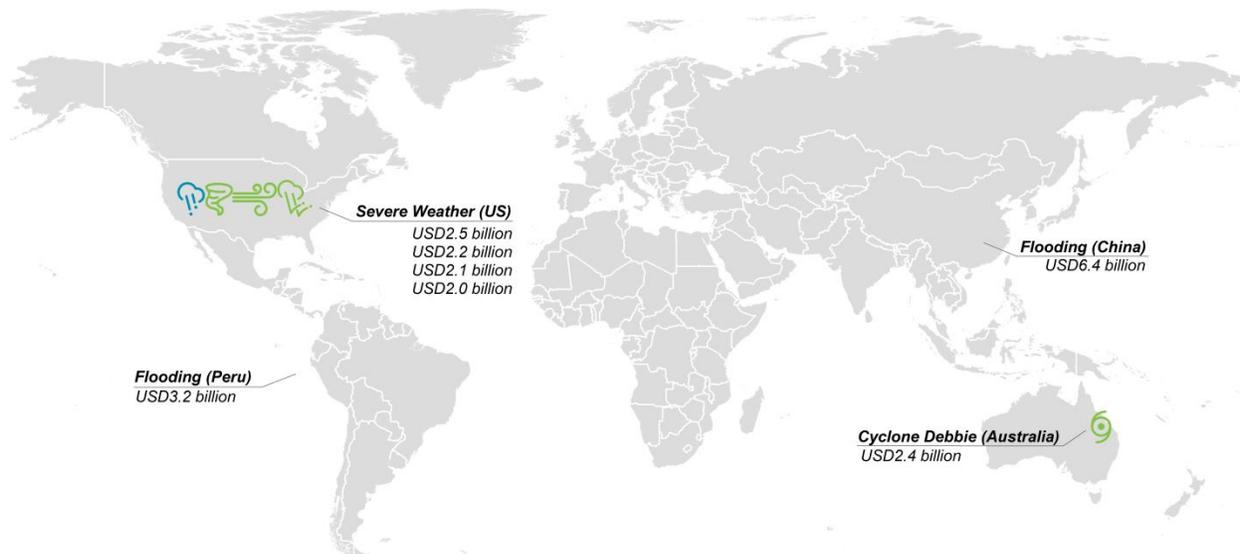
## Multi-Billion Dollar Economic Loss Events

There were at least 13 separate billion-dollar events in 1H 2017 – all of which were weather-related events. The billion-dollar events were led by the U.S. (9), APAC (2), Americas (1), and EMEA (1). The table below lists the seven events which reached the multi-billion dollar threshold in 1H 2017 (economic loss of USD2.0 billion or greater). These loss totals are preliminary and subject to change.

Date	Event	Location	Deaths	Economic Loss <sup>1</sup> (USD)
June 22- July 5, 2017	Flooding	China	31	6.4 billion
Jan.-Mar., 2017	Flooding	Peru	124	3.2 billion
May 8-11, 2017	Severe Weather	United States	0	2.5 billion
March 27-31, 2017	Cyclone Debbie	Australia	10	2.4 billion
March 6-10, 2017	Severe Weather	United States	0	2.2 billion
March 26-28, 2017	Severe Weather	United States	0	2.1 billion
April 28-May 1, 2017	Severe Weather	United States	20	2.0 billion

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

**EXHIBIT 4: Multi-Billion Dollar Economic Loss Events in 1H 2017**



## Insured Losses

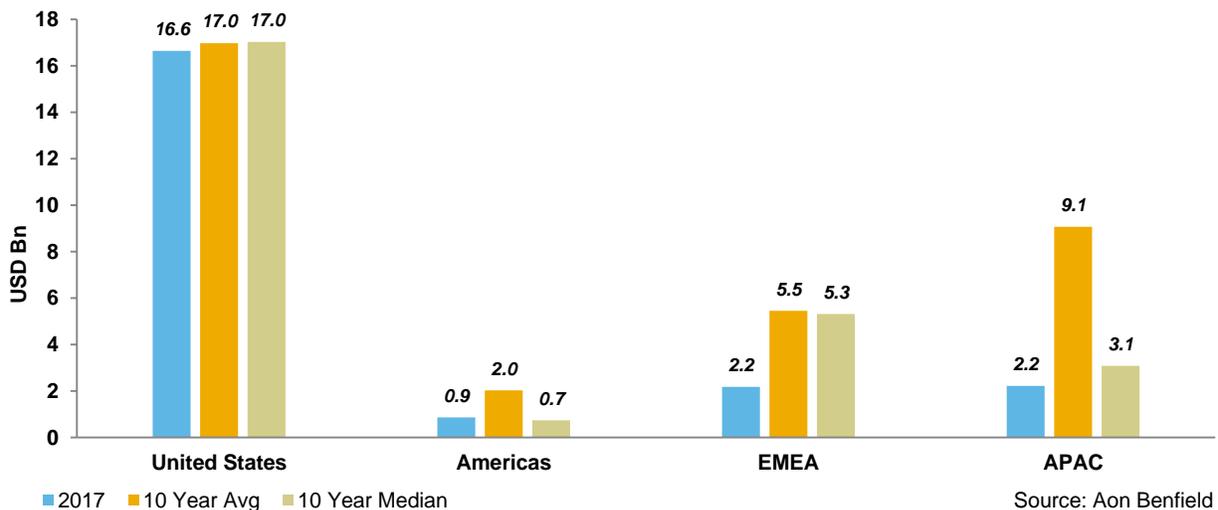
Public and private insurers endured a suppressed level of losses – USD22 billion – during the first half of 2017. This is 35 percent lower from the approximately USD34 billion sustained in 2016 and 10 percent higher than the USD20 billion sustained in 2015.

The costliest event during 1H 2017 was a four-day outbreak of severe weather that impacted the United States in the first half of May. Total insured losses – including losses incurred due to physical damage and business interruption – were expected to exceed USD1.8 billion. Other major insured loss events included multiple further severe weather outbreaks in the United States throughout the first half of the year; the late March landfall of Cyclone Debbie that prompted significant flooding in eastern Australia (USD1.2 billion); a severe weather outbreak that impacted Australia's New South Wales (including the Sydney metro area) in February (USD390 million); and Windstorm Zeus that prompted insured losses of USD340 million in France in early March. All of the estimates are subject to revision as losses are further developed.

It is worth noting that the third quarter has historically been the costliest for the insurance industry, which is typically driven by the peak of the Atlantic Hurricane Season. With ENSO-neutral conditions likely to persist during the second half of 2017, there is a chance that hurricane frequency could be higher than seen in recent years.

Exhibit 5 provides a breakdown of first-half global insured losses by region, and also a comparison of losses dating to 2007 on both a mean and median basis. In 1H 2017, the United States sustained the highest level of insurable losses (nearly USD17 billion), with EMEA and APAC tied for second at USD2.2 billion. The Americas incurred losses of slightly less than USD1.0 billion.

**EXHIBIT 5: First Half Insured Losses by Region (2007-2017)**



## Billion-Dollar Insured Loss Events

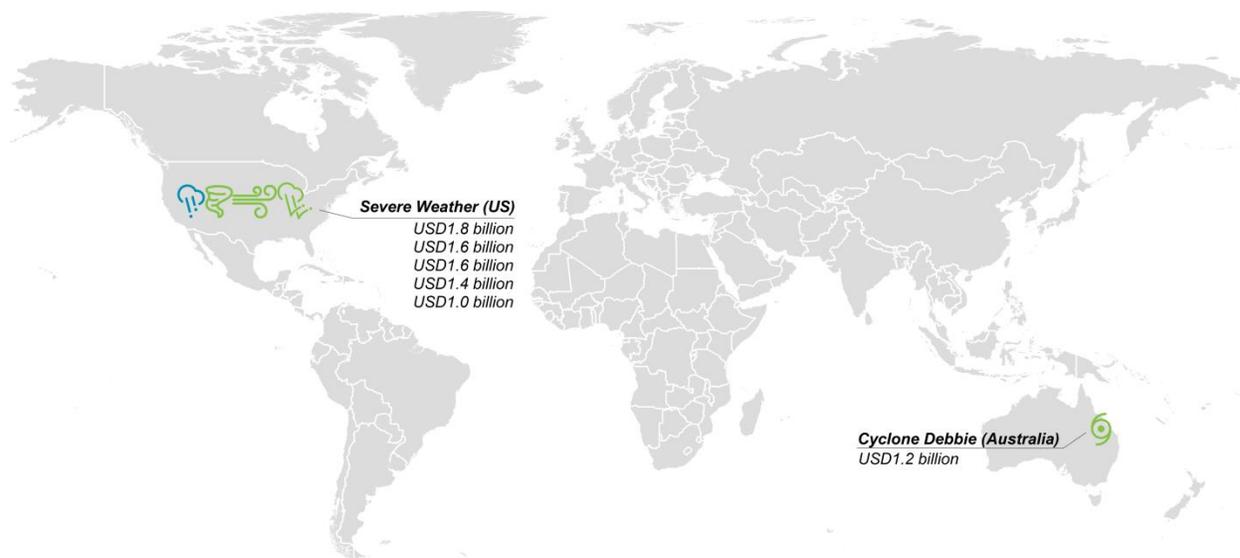
Globally, there were at least six billion-dollar insured loss events (all weather-related) during the first two quarters of the year; however none of the events crossed the multi-billion dollar loss threshold. As mentioned previously, the costliest event for the industry during 1H 2017 was a four-day outbreak of severe weather in the United States during the first half of May (USD1.8 billion). When looking further at the first-half data, there were at least 14 events that minimally cost insurers USD500 million. Of those 14, 13 were recorded in the United States and all were severe weather and/or flood-related.

The table below lists the billion-dollar insured loss events for 1H 2017. These loss totals, which include those sustained by public and private insurance entities, are preliminary and subject to change.

Date	Event	Location	Deaths	Insured Loss <sup>1</sup> (USD)
May 8-11, 2017	Severe Weather	United States	0	1.8 billion
March 6-10, 2017	Severe Weather	United States	0	1.6 billion
March 26-28, 2017	Severe Weather	United States	0	1.6 billion
Feb. 27-March 2, 2017	Severe Weather	United States	4	1.4 billion
March 27-31, 2017	Cyclone Debbie	Australia	10	1.2 billion
June 11, 2017	Severe Weather	United States	0	1.0 billion

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

### EXHIBIT 6: Billion-Dollar Insured Loss Events in 1H 2017



## Additional Comments

For a more detailed analysis of 2017 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 [here](#).

For additional historical natural disaster loss data and other climatological information, please visit Aon Benfield's Catastrophe Insight website: [www.aonbenfield.com/catastropheinsight](http://www.aonbenfield.com/catastropheinsight)

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