Verisk 2026 Global Modeled Catastrophe Losses Report

Table of contents

Figures and tables

Executive summary

$171 billion

estimated global modeled insured average annual property loss (AAL) from natural catastrophes

* in 2012 dollars, includes crop losses.

For the first time in a decade, no hurricane made landfall in the continental United States.

In 2025, insured losses from natural catastrophes still exceeded $100 billion globally, led by the costliest wildfires ever recorded and sustained by severe thunderstorm activity averaging $771 million per event, proving, yet again, that years without a severity peril event can still exceed the $100 billion threshold.

A decade ago, such a number, let alone one driven almost entirely by frequency perils, seemed implausible, but now the insurance industry is asking: What does a year like 2025 look like with the addition of a U.S. landfalling hurricane? When should we expect a $200 billion insured loss year? How can the industry prepare to withstand those losses? Catastrophe modeling quantifies the answers to these questions, looking beyond the next event or the next year to consider what's possible. Against a 100,000-year catalog, a single "down" year, such as 2025, carries little signal.

A year without a landfalling hurricane can still lull the market into thinner pricing, more relaxed underwriting, and looser terms. 2025 marked the sixth consecutive year of insured losses exceeding $100 billion, and while the year's losses may have surprised the market, they did not surprise the models that inform this report: the Eaton and Palisades fires and the significant number of severe thunderstorm events fell within the modeled range. Set aside the fires, and the first half of 2026 tells a similar story to 2025: an accumulation of frequency-peril losses rather than a single headline event. For the communities affected, the losses were anything but modest. But for the industry, a below-average year reflects a favorable draw, not a change in the risk landscape. Down years are when catastrophe models matter most, and when the market turns, they are the difference between resilience and volatility.

Verisk catastrophe models estimate the global modeled insured average annual property loss (AAL) from natural catastrophes at $171 billion: the number the industry must be prepared to withstand on average. This isn't an estimate based on extrapolated data sets or past claims. It is informed by our suite of global natural catastrophe models covering more than 120 countries and regions, built on a framework that first pushes the bounds of what's physically possible, then refines it toward what's probable. Since we first published this report in 2012, the estimated AAL has grown from $59 billion* to $171 billion, reflecting expanded model coverage across more than 20 new countries and regions and advances in the science, data, and methods behind our models.

Such a consequential number demands transparency into what drives it. This report examines four factors contributing to the losses that are captured in Verisk's models:

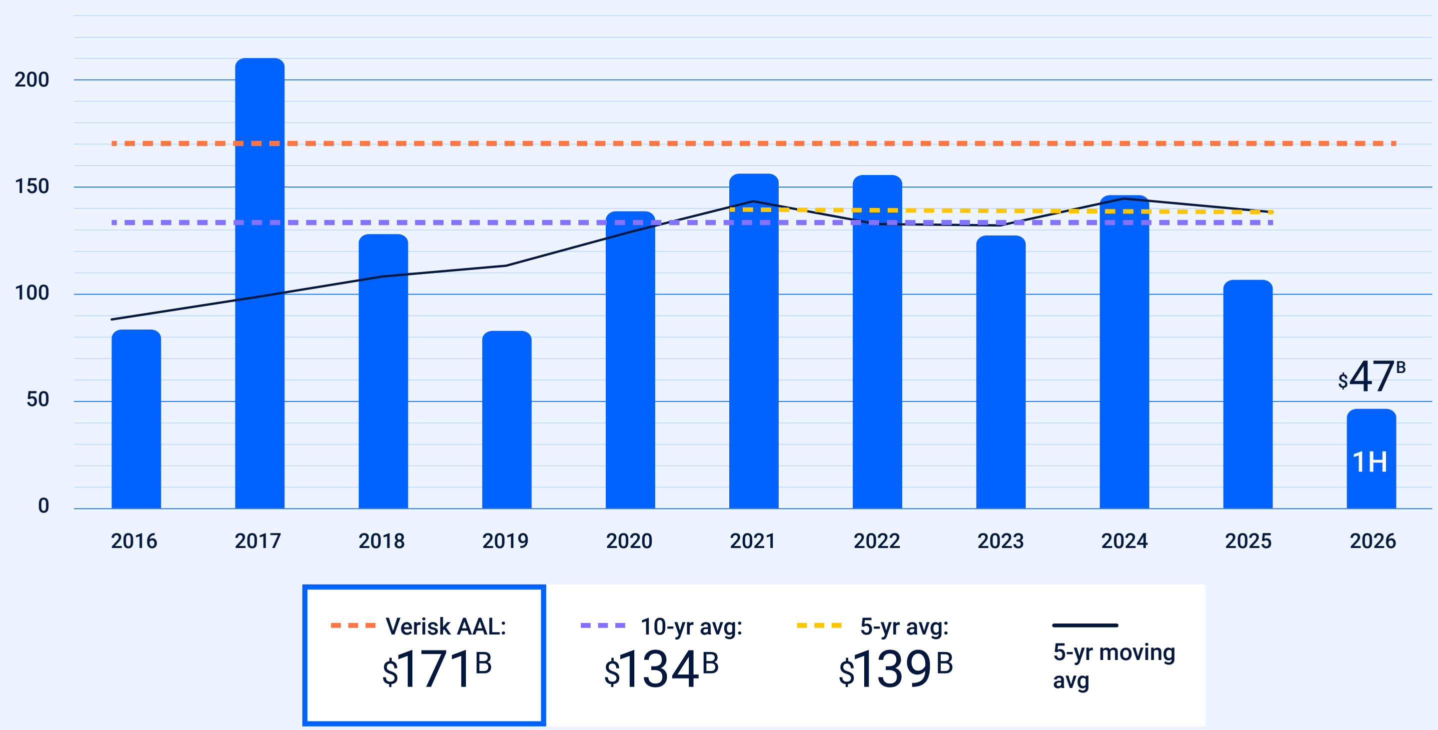
View of the near-present climate: Warming seas and shifting large-scale climate patterns set expected hazard activity above the historical record, raising losses most sharply in the tail.

Accounting for demand surge: The total cost of a catastrophe event is settled when the final claim closes, not when the event ends, and demand surge over that interval adds to those losses.

Site-specific risk modeling: Blending structural physics, claims data, and high-resolution hazard detail at the property level sharpens risk selection and carries that precision through to portfolio-level results.

Exposure growth: Global property exposure has grown steadily since 2021, increasing losses independent of catastrophe activity.

Others may estimate losses after the year unfolds, or publish a range of what might come, guarding their sources and methods. This report is built with the same models and software on which our clients rely every day; they can reproduce our published numbers in their own environments. These numbers are a baseline the market can test, challenge, and use without conversion or adaptation. Rather than a forecast, this report serves as a benchmark the industry can prepare against.



Note: 2025 USD adjusted for inflation and exposure growth using the Verisk Global Capital Stock Index

Figure 1. Historical and average losses (Source: Verisk, Aon, Swiss Re)

Exceedance probability metrics

Verisk's comprehensive approach to catastrophe modeling transforms complex global risk into actionable intelligence for the insurance industry. We produce this annual report using the same global suite of catastrophe models and software offerings available to our clients. All Verisk catastrophe models leverage the same shared industry-leading financial framework, enabling seamless risk quantification across diverse portfolios and geographies.

The metrics derived from these models represent more than statistical measures: they are strategic tools that can reveal market opportunities and guide capital allocation decisions.

Insured losses

The evolution of our global aggregate AAL and exceedance probability loss metrics for 2026 reflects changes in risk as a result of our commitment to continuous innovation through updated models (Verisk Tropical Cyclone Model for the United States, Verisk Inland Flood Model for the United States, Verisk Tropical Cyclone Model for Central America, Verisk Tropical Cyclone Model for the Caribbean, Verisk Tropical Cyclone Model for Mexico, and the Verisk Winter Storm Model for the United States) and the Global Industry Exposure database, in addition to enhancements in demand surge calculations.

Table 1 presents global insured AAL and key metrics from the aggregate exceedance probability (EP) curve spanning 2021 to 2026.

Average annual insured losses and the metrics from the aggregate insured EP curve—for all regions and perils modeled by Verisk—have increased since we published our first report on this topic in 2012. This expected rise reflects several factors:

- Greater numbers and values of insured properties in high-hazard areas
- Inclusion of regions and perils for which new models are now available
- More comprehensive and reliable data to power those models
- Continuous updates to Verisk's view of risk

A breakdown of contributions to global AAL by region and key aggregate EP metrics by region appears in Table 2.

Year	AAL (USD Billions)	Aggregate EP Loss (USD Billions)		
		5.0% (20-year return period)	1.0% (100-year return period)	0.4% (250-year return period)
2021	87	176	285	359
2022	100	193	311	394
2023	109	215	351	430
2024	120	223	363	448
2025	152	274	425	521
2026	171	309	477	606

Table 1. Key insured loss metrics from Verisk's global industry EP curve for all regions and perils (Source: Verisk)

Region	Aggregate Insured Losses (USD Billions)		
	AAL	1.0% (100-year return period)	0.4% (250-year return period)
Asia	10	58	79
Europe	24	101	128
Latin America	7	67	100
North America	124	433	565
Oceania	5	35	46
All exposed areas*	171	477	606

** Note: Aggregate EP losses are not additive*

Table 2. AAL and EP metrics, by region, based on Verisk's global suite of models, including those introduced or updated in 2026 (Source: Verisk)

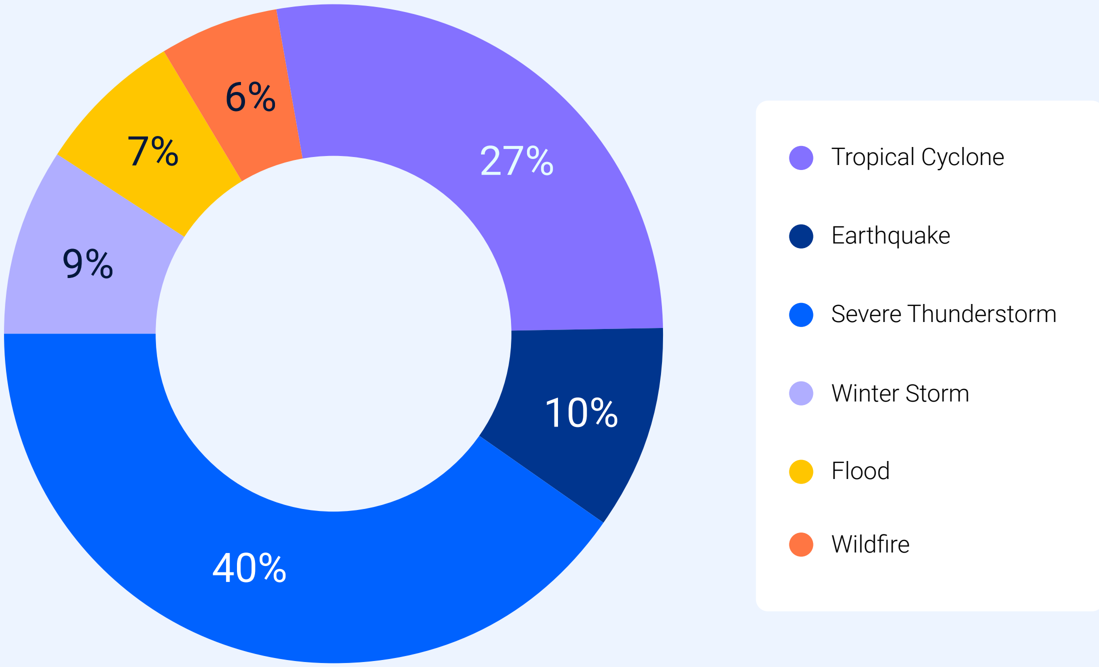


Figure 2. Contribution to global insured AAL by peril for all regions (Source: Verisk)

It's important to note that the AAL represents expected losses over extended periods, not what would be expected in any given year. Our stochastic catalogs reflect that global aggregate losses may comprise a few large loss events in peak regions or lower losses across multiple perils and regions in any given year. What's certain is that these losses are unlikely to resemble the long-term AAL breakdowns shown in Figures 1 and 2. While future years may look similar to historical losses, our stochastic simulations provide a realistic representation of what the industry can expect but has never experienced.

Economic losses

Global economic losses encompass insured losses and uninsured sources, which may include properties with no insurance, self-insured infrastructure assets such as roads, bridges, railways, and lost economic productivity. Comparing insured losses with reported economic loss estimates for natural disasters since 2015 (as reported by Verisk, Swiss Re, and Aon), Verisk has determined that global insured losses make up more than 38% of global economic losses in total when adjusted for inflation. Based on Verisk's modeled global insured AAL, this would correspond to an economic AAL of more than $450 billion.

On a regional basis, the insured percentage of economic loss from natural disasters varies considerably (Table 3). In North America, for example, about 53% of the economic loss from natural disasters is insured, while in Asia and Latin America, insured losses account for only about 14% and 33% of economic losses, respectively, reflecting the very low insurance penetration in these regions. The insured portion of economic losses also varies significantly by peril.

Region	Insured AAL (USD Billion)	Percentage of Economic Losses Estimated to Be Insured	Economic AAL (USD Billion)
Asia	10	14%	71
Europe	24	22%	110
Latin America	7	33%	23
North America	124	53%	235
Oceania	5	46%	11
All exposed areas	171	38%	450*

Note: There is considerable uncertainty in the estimated percentage of economic losses that is insured, which partly stems from uncertainty in reported economic losses for actual catastrophes.

*Sum of Regional Losses

Table 3. Insured and economic AAL by region (Source: Verisk)

Global protection gap

Using the same techniques employed to quantify the protection gap on an AAL basis, we can calculate the insured and economic losses for each region at the 1% exceedance probability (the 100-year return period). The sizable difference between insured and economic losses—the protection gap—represents the societal cost of catastrophes. The reasons for the protection gap are multifaceted, and these examples from 2025 highlight the wide variance.

In January, Windstorm Éowyn, the costliest windstorm on record for Irish insurers, produced an insured loss of €661 million[i] to €765 million[ii] against roughly €890 million in economic loss, a gap of 14%–26%. In March, an earthquake caused approximately $12 billion in economic loss in Myanmar; insurers covered less than $100 million[iii], highlighting a gap exceeding 99%. With models available for both perils, the difference between a 14–26% gap and a 99% gap does not result from incomplete or inconsistent data. The widely divergent protection gaps reflect significant differences in insurance penetration and availability between the two markets.

Even within mature markets, the gap exists. The July 2025 Central Texas floods claimed more than 130 lives, the deadliest flash flood event in nearly five decades. Flood coverage is excluded from standard homeowners' insurance policies and largely absent on properties that carry little perceived risk, such as those outside mapped floodplains. Nationally, the flood insurance take-up rate is 3%[iv], and with a 2.5% flood insurance take-up rate in Kerr County[v], most of the $1.1 billion[vi] in residential economic losses fell on the families and communities already bearing the human toll.

In Australia, another well-developed market, Tropical Cyclone Alfred revealed a roughly 25% protection gap[vii] where state insurance taxes and levies and elevated rebuilding costs suppress take-up despite the federal cyclone reinsurance pool. Notably, these gaps persisted through a softening market, reinforcing that the gap is not a question of data—it's a question of who has access to insurance.

Closing the wildfire protection gap in California

In our 2025 report, we noted the significant gap in the January 2025 Eaton and Palisades wildfires, where roughly 65%–70% of the $53 billion to $65 billion in economic loss was insured. Supply drove the uninsured share: insurer retrenchment pushed many homeowners onto the California FAIR Plan. Regulatory progress continued through 2025, following the first-ever successful Pre-Application Required Information Determination (PRID) review of the Verisk Wildfire Model for the United States. Catastrophe modeling is now being incorporated into California ratemaking, a significant step toward restabilizing the California insurance market by providing improved access to wildfire insurance coverage.

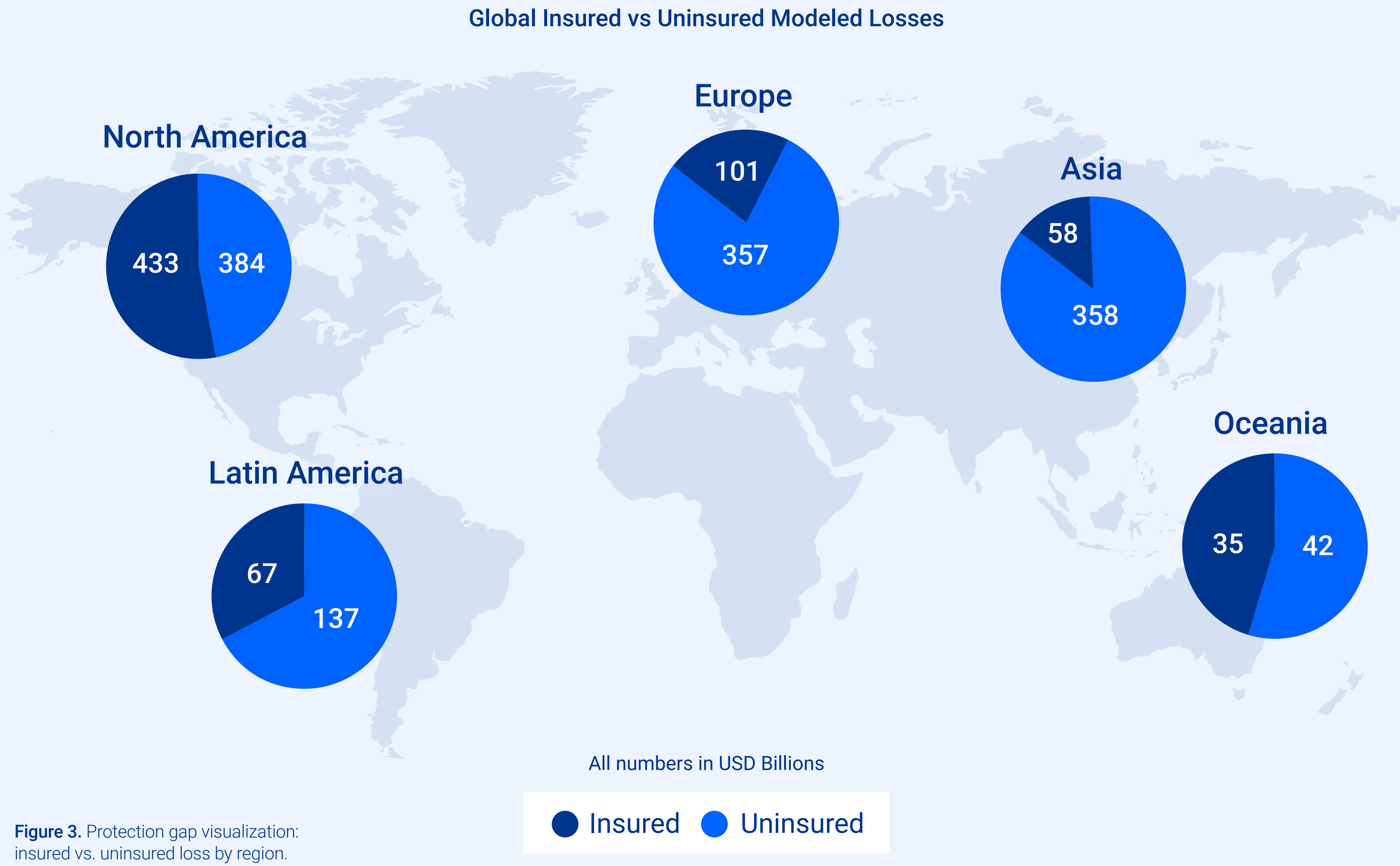


Figure 3. Protection gap visualization: insured vs. uninsured loss by region.

Key drivers of modeled loss

The global modeled AAL is the product of deliberate methodological choices. Four factors shape it significantly: a view of hazard grounded in the near-present climate; accounting for demand surge to ensure accurate insured loss values; vulnerability modeling precise enough to capture the property-level differences that drive the tail; and steady growth in global exposure.

None of these forces paused in 2025: a year without a U.S. landfalling hurricane still produced more than $100 billion in insured losses, and each driver helps explain why. The sections that follow examine each driver: what it is, how Verisk models capture it, and what it means for the losses the industry must be prepared to withstand.

Modeling in the near-present climate

Earth's climate is evolving, so catastrophe models must evolve with it to represent the near-present climate distribution of hazards from atmospheric perils. To properly capture atmospheric peril risk, a near-present climate catastrophe risk model must address two facets of the climate distribution: climate change and coherent large-scale variability.

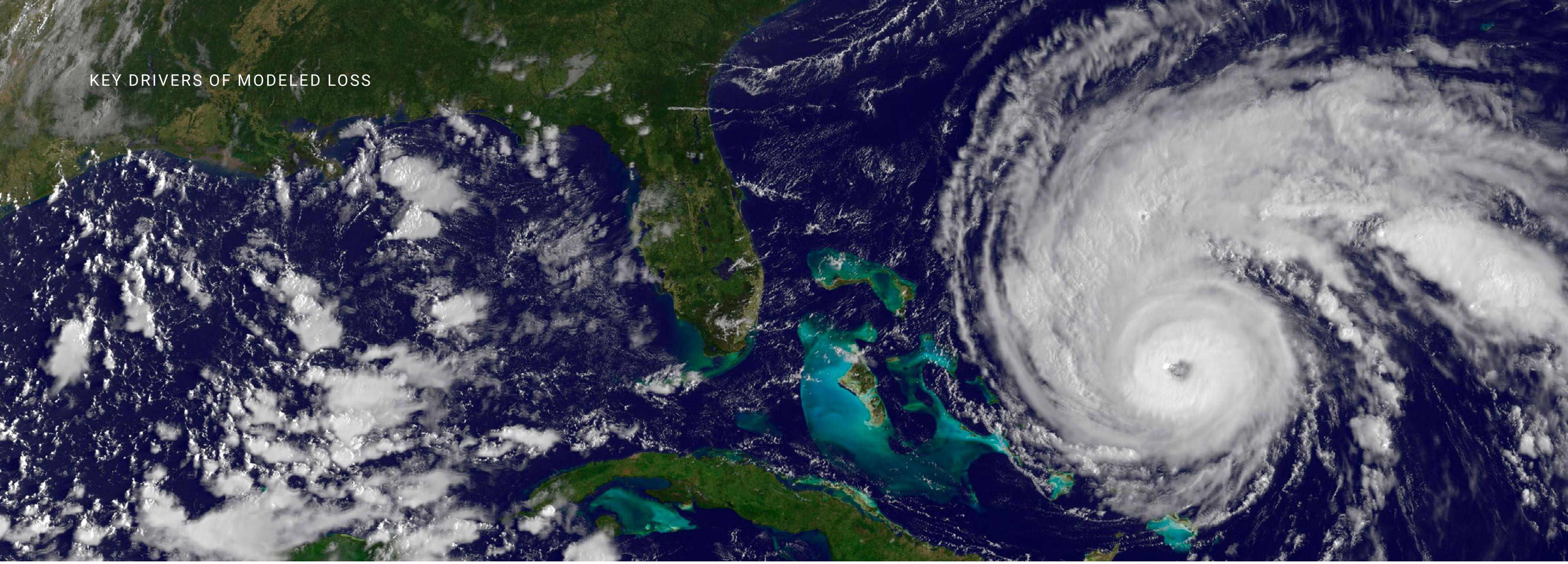
Anthropogenic climate change drives systematic shifts in the behavior of the climate system. As a result, a credible catastrophe model should reflect an expected hazard level today that differs from the hazard levels based on observations of even the recent past. By the same reasoning, a single quiet season—such as 2025, when no hurricane made landfall in the continental United States—carries little signal about that expected hazard level. Similarly, catastrophe models that reflect the state of the science should represent how large-scale variations inherent to the climate system drive spatially connected hazard patterns.

The El Niño Southern Oscillation (ENSO), defined by cycles of sea surface temperature (SST) fluctuations in the tropical Pacific, is widely discussed by general-interest media outlets. The two ends of the ENSO spectrum dial vertical wind shear over the Atlantic Basin up and down, which affects how tropical cyclones form and intensify, and therefore how they threaten communities on land. This climate pattern also shifts atmospheric and oceanic dynamics elsewhere around the globe, leading to changes in tropical cyclone risk in other ocean basins and shifting regional probabilities of flood, severe thunderstorm, winter storm, and wildfire activity. Catastrophe models that accurately reflect these hazard-climate relationships will allow the industry to understand and manage risk as a system correlated across regions and perils, rather than peril by peril.

2025: A year without a U.S. landfalling hurricane still produced more than

$100B

in insured losses.



U.S. hurricanes in the near-present climate

The scientific community has made tremendous progress in understanding the changing climatology of hurricane activity over the past two decades, especially in the Atlantic Basin. Scientific consensus now holds that Atlantic SSTs are extremely unlikely to return to below-average levels of the 1960s, '70s, and '80s. Environmental regulations have meaningfully reduced emissions of aerosol pollutants that caused sea surface cooling during these decades, which, in turn, resulted in a marked decrease in hurricane activity during the same interval.

Despite this advancement, uncertainty remains in quantifying the contribution of multiple concurrent effects impacting tropical cyclone hazard. Because the aerosol interval masked the influence of global warming that presumably would have otherwise increased SSTs, the rebound in hurricane activity since about 1990 can't be cleanly attributed to either effect. Verisk's view of risk sidesteps some of this uncertainty by using relative SST patterns rather than absolute values. While SSTs are trending upward everywhere, regional patterns of differing SSTs are the main driver of the convective instability felt locally by intensifying tropical cyclones. The global warming effect on tropical cyclone risk is therefore subtler than a simple trendline might otherwise suggest. Meanwhile, subtle shifts in the background distribution of ENSO toward more La Niña-like patterns of global convective forcing also slightly favor Atlantic seasons with heightened activity. Taken together, these changes in the climatic background have increased U.S. tropical cyclone risk. The regional expression of these changes is quantified and represented carefully in the rearchitected Verisk Tropical Cyclone model for the United States.

Demand surge

A catastrophe's final insured cost isn't settled when the event ends, but when the final claim closes. During that period, loss inflation can push claim values beyond what initial damage would suggest. A key component of loss inflation is demand surge, a temporary spike in the cost of materials, services, and labor as post-event demand outpaces supply.

The sudden influx of claims after a catastrophe triggers demand surge, increasing insured losses by pushing up material and labor costs and delaying reconstruction over the course of the claim. Demand surge modeling assesses the loss potential of this cost driver by incorporating the economic mechanisms that drive reconstruction costs after a natural catastrophe.

Building a framework on real-world scenarios

Reconstruction after recent natural catastrophes highlights the significance of demand surge as a loss driver, especially for large, long-tail events, where resolving all claims can take months or years. The Eaton and Palisades fires fit this profile: their final cost will be settled over the claims tail, with demand surge accruing along the way. After large catastrophes, construction labor shortages and reconstruction delays have historically increased losses by 20–30% or more[viii]. It typically takes about a year to rebuild after major hurricanes, and more than two years for even more severe events.

The magnitude of any demand surge function depends on concurrent economic conditions. For example, as inflation returns to long-term averages, demand surge may be less than during periods of high inflation, as we saw during 2021 and 2022. Accounting for demand surge is critical for pricing and reserving. Models should estimate its impact by return period—a measure of expected frequency for an event of a given severity—while allowing for adjustments based on economic market conditions.

Globally, demand surge contributes 10% ($15.7 billion) to the modeled AAL. In the United States, modeled estimates show demand surge can increase AAL by 13% for tropical cyclones. For frequency perils, the demand surge impact is less, increasing AAL by an estimated 2% for both inland flood and winter storm perils. Demand surge effects increase with return period, meaning EP curves show stronger demand surge amplification at higher return periods than for AAL. For example, demand surge after a tropical cyclone event with a 100-year return period could increase costs 23% in the United States.

Precision in site-specific risk modeling

In recent decades, two broad paradigms have shaped the development of vulnerability models: empirical approaches grounded in inferences from observed damage and claims data, and analytical approaches derived from how structures behave under physical stress. Both approaches have advanced significantly, and their balanced application is critical to building models that are both predictive and widely usable.

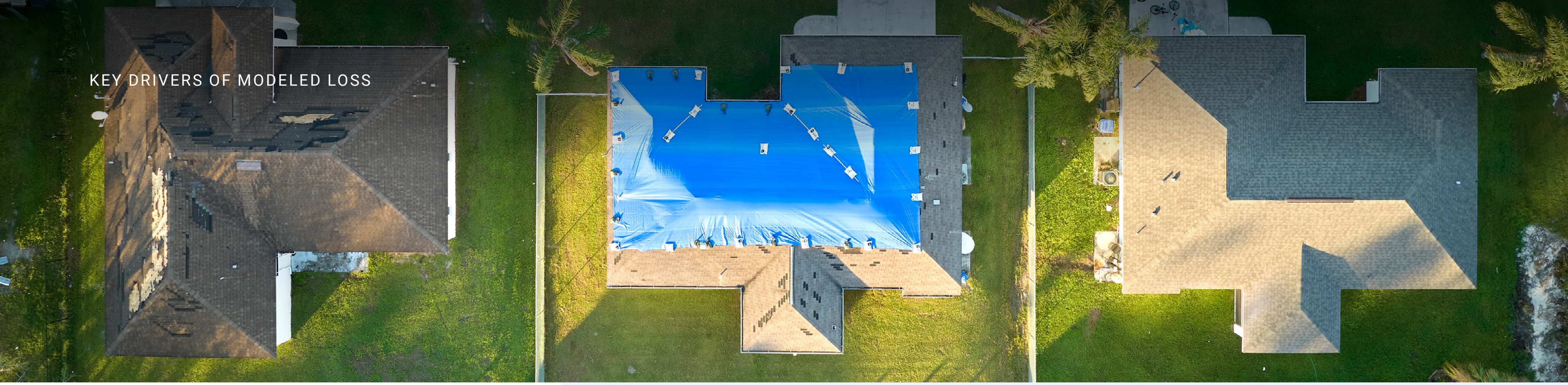
Paired with granular, high-resolution hazard data, that precision turns risk selection from an averaging exercise into a property-by-property discipline, and in a market moving toward thinner pricing and looser terms, that discipline is what keeps the margin for error from disappearing.

Statistical methods capture overall trends from real building populations, while analytical methods explain physical phenomena and support wider generalizations. The two methods don't merely co-exist in this paradigm; they join to drive a modeling architecture that clearly defines each component's role, calls out any sources of uncertainty, and states the conditions under which the model may apply.

Integrated wind vulnerability modeling

A usable model depends on specific statistical and physical inputs. Wind hazard is more than the strongest gusts; the duration of damaging winds is distinct and consequential. Prolonged exposure introduces structural fatigue. Fasteners gradually loosen, connections weaken, and the risk grows for cascading wall or roof failures that can turn minor damage into a total loss. A model that considers intensity but ignores duration misses critical information. And beyond the hazard itself, detailed building attributes are just as critical.

A model that considers intensity but ignores duration misses critical information.



From single properties to portfolios

Reliable portfolio estimation starts with granular, property-level inputs. Models built on regional averages can obscure a book's concentrations—aging roofs, pre-code construction, or occupancy classes that drive the tail of the loss distribution. Modeling each property's structural characteristics, including performance under prolonged stress, and summing the results preserves the diversity that determines aggregate outcomes, keeping portfolio-level conclusions grounded in physically defensible data. Granularity isn't a layer of refinement but a necessary precondition of sound underwriting. Two properties identical on a schedule can carry materially different expected losses once their attributes are modeled, and a book priced on averages is mispriced in both directions. In a soft market, that error stays hidden until a tail event surfaces it.

Bridging physics and data across risk types

Structural vulnerability depends on both individual property characteristics and the regulatory environment at the time the structure was built. This information can contextualize how local code adoption and enforcement may materially affect a structure's as-built resistance, often more than the design on paper suggests, and capture the variable patterns in diverse damage data. The contrast between resilient and vulnerable construction also widens as winds intensify: a well-maintained roof or an enforced code matters most precisely where losses concentrate.

- Construction type determines how structural loads are distributed and the most likely points of failure.
- Year built points to era-specific design practices and material standards.
- Occupancy shapes both the building's configuration and the consequences of its failure.
- Detailed characteristics—such as roof covering type, roof geometry, roof cover attachment, and especially age—frequently are the first and most critical point of failure from destructive winds.

Residential properties tend to be more alike by type but are highly sensitive to roof age and component-level details, with loss outcomes heavily dependent on how the external structure performs. Commercial structures fail in different ways due to their varied geometry, heights, structural systems, and occupancy-driven configurations. Sound modeling applies attributes, damage relationships, and code-effectiveness adjustments distinctly to each segment, which pays off at both the property and portfolio level.

Exposure growth

Exposure growth raises insured losses regardless of catastrophe activity: a year without a U.S. landfalling hurricane did nothing to slow it. Over the past five years (2021–2025), global property exposure in Verisk-modeled countries grew about 7% per year on average (Table 4), driven by both new construction and construction price increases. During this period, fast-rising global inflation significantly increased the value of exposure, which helped spur increases in modeled insured natural catastrophe losses. While construction price inflation has slowed recently, exposure growth continues to contribute to rising actual and modeled insured losses. Changing exposure patterns and repair costs make it essential to regularly reassess exposure, particularly when inflation is high and where risk from natural hazards is greatest.

Keeping exposure data current

Verisk annually updates the Industry Exposure Databases for most modeled countries based on the Verisk Global Capital Stock Index (VGCSI). Industry exposure indexes use the VGCSI to reflect changes in a country's total industry exposure. The index reflects country-level changes in physical asset values across all business lines.

Exposure growth varies by region, averaging between 6.3% (Asia) and 8.6% (Oceania) per year over the past five-year period (Table 4). During this period, new construction activity increased exposure value by 2.8% annually, while prices increased 4.2% annually.

In the United States, residential construction costs drove exposure growth to outpace overall inflation, with residential reconstruction costs growing at 5.0% per year from 2021 to 2025, compared with 4.4% per year for overall consumer prices[ix]. In the past year, reconstruction costs increased 3.3%, while construction cost inflation has slowed. Even a 3.3% increase in exposure value from construction cost inflation alone would result in nearly a 38% increase in losses over 10 years.

Residential reconstruction costs grew at

5.0%

per year from 2021 to 2025

A study in shifting trends

Exposure growth varies as populations shift and urbanization increases. The most recent U.S. Census data shows that population growth continues to be concentrated in the U.S. South, home to 10 of the nation's 15 fastest-growing cities and 11 of the 12 cities with the largest population gains[x]. In the past year, Houston-Pasadena-The Woodlands, Texas, recorded the highest population growth among U.S. metro areas, and its fast-growing population coincides with increasing insured exposure accumulation in the area.

Precise location and valuation of residential, commercial, and industrial structures based on building-specific attributes is key to accurately capturing exposure growth as seen in the Verisk U.S. Industry Exposure Database. In the growing Houston metro area, this means better accounting for the full range of replacement values—from single-family homes and increasingly prevalent high-value residential properties to commercial and industrial locations. Measured by residential risk growth, Houston ranks as the fifth fastest-growing metro area in the U.S., a different picture than its population rank alone would suggest.

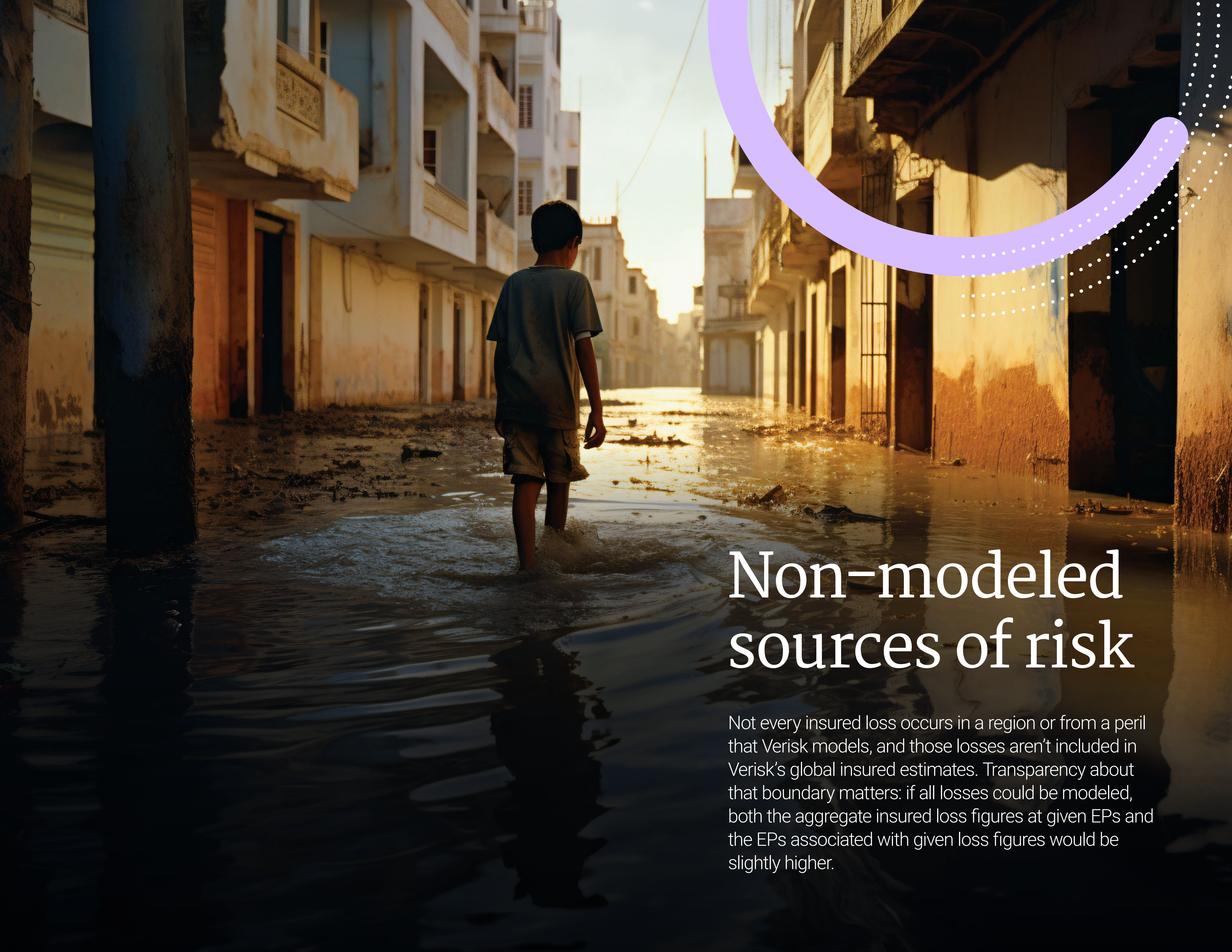
Globally, more than half of the world's population lives in urban areas, many of them highly exposed to one or more natural hazards[xi]. In England, residential properties are increasingly built in flood-prone areas, with 7.1% of single-family homes in the 100-year flood plain, and ongoing construction is steadily increasing the housing stock within these areas[xii]. Recent analysis of new home construction in England agrees: one in nine (11%) new homes built between 2022 and 2024 sits in an area at risk from flooding. With the pace of new home construction accelerating, by 2050, the risk to these properties is projected to rise to 15%, or one in seven new homes[xiii].

Together, these four drivers explain both the scale of modeled losses and their continued rise. None is speculative; each is observable, quantifiable, and already embedded in the models behind this report. The question for the industry is not whether these forces shape its losses, but how to put that understanding to work.

Region	Annual Exposure Growth	Annual New Construction Activity	Annual Price Inflation
Asia	6.3%	3.7%	2.5%
Europe	7.6%	2.1%	5.4%
Latin America	6.8%	3.0%	3.8%
North America	7.0%	1.6%	5.4%
Oceania	8.6%	2.5%	6.0%
All exposed areas	7.0%	2.8%	4.2%

Note: Growth rates are based on each country's local currency. Annual exposure growth is nominal exposure growth and includes new construction activity (in real terms) and price inflation. Annual figures are the average of the countries in each region and calculated as the compound annual growth rates from 2021 to 2025. Annual figures exclude Lebanon, Turkey, and Venezuela as each country is experiencing periods of hyperinflation, which skew results. Annual nominal exposure growth is 104% in Lebanon, 71% in Turkey, and 161% in Venezuela.

Table 4. Annual exposure growth by region (2021–2025) measured using the Verisk Global Capital Stock Index



Non-modeled sources of risk

Not every insured loss occurs in a region or from a peril that Verisk models, and those losses aren't included in Verisk's global insured estimates. Transparency about that boundary matters: if all losses could be modeled, both the aggregate insured loss figures at given EPs and the EPs associated with given loss figures would be slightly higher.

NON-MODELED SOURCES OF RISK

Verisk's current suite of models, which covers perils in more than 120 countries and regions, captures catastrophe events responsible for 94% of worldwide insured losses on average for the ten-year period from 2016 through 2025, as shown in Figure 4.

Verisk Model Exchange extends that coverage, providing access to third-party models through a governed open-standard platform. Models accessible through Verisk now average 97% of insured losses during that same period.

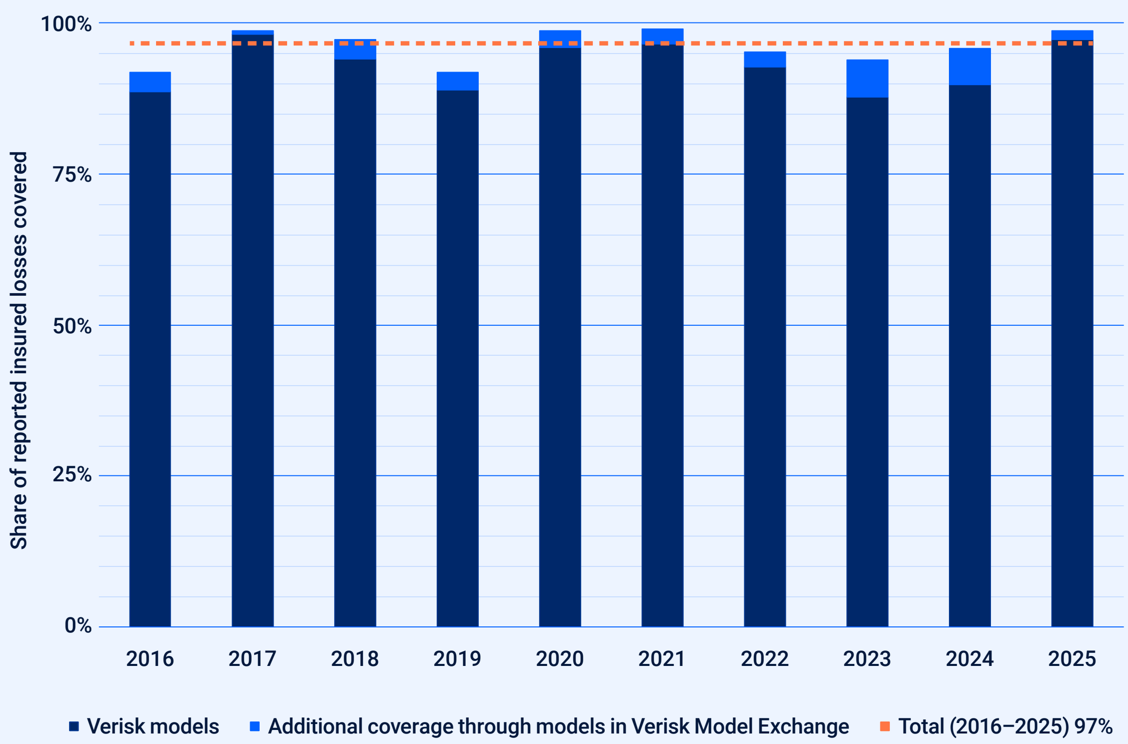


Figure 4. The percentage of reported insured losses covered by Verisk's current suite of models, and models available through Verisk Model Exchange, 2016–2025. (Source: Verisk, Aon, Swiss Re)

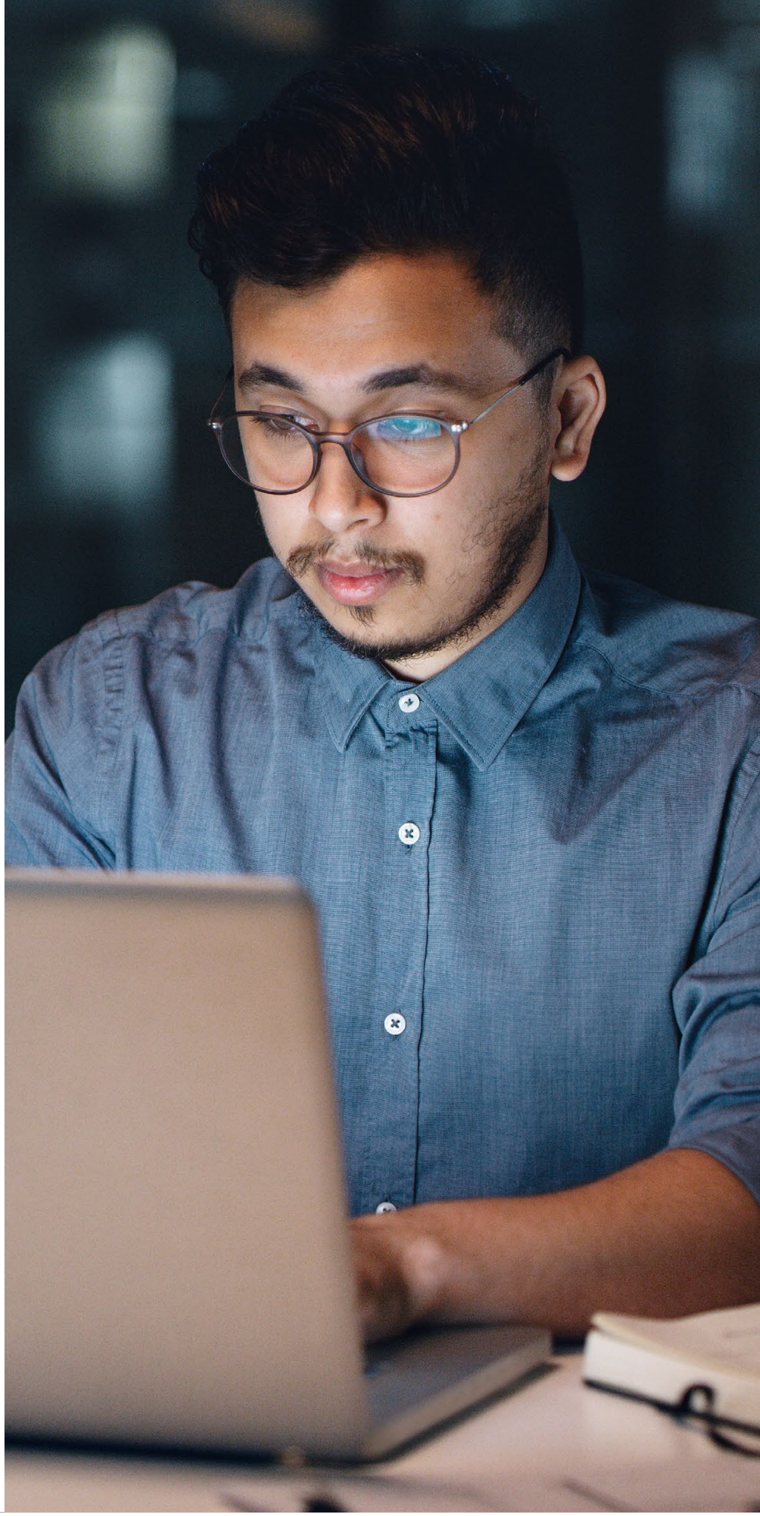
Managing your global risk

The AAL at the center of this report is a strategic decision-making tool. The same modeled output that produces the global AAL and EP curves can help you price portfolios, set reserves, structure risk transfer, and allocate capital. The events that drove losses in 2025 are captured in the models and well-validated against actual claims experience—a solid foundation for pricing, reserving, and capital allocation decisions.

The data behind the models enhances their reliability. Verisk models are bolstered with property-level data, reconstruction cost actuals, and decades of claims experience—a depth of information that industry benchmarks built on less complete inputs cannot match. In a softening market, where thinner pricing narrows the margin for error, that granularity is a competitive advantage. To capture it, organizations should focus on four key areas:

- **Deploy complete peril model suites for competitive advantage:** Comprehensive modeling across tropical cyclone, earthquake, severe thunderstorm, winter storm, wildfire, and inland flood enables effective risk selection and pricing strategies that create sustainable competitive advantages.
- **Leverage accurate building characteristics for superior loss protection**: Precise capture of construction, occupancy, and year-built attributes enables more accurate loss estimates and pricing strategies than relying on generalized assumptions.
- **Optimize geocoding precision for enhanced model performance:** Ensure that as many properties as possible are accurately geocoded to represent their actual location within the models. Inland floods, severe thunderstorms, winter storms, and wildfires are increasingly important drivers of loss, and these risks are particularly sensitive to a property's exact location.
- **Maintain current replacement values for accurate risk assessment:** Dynamic replacement value management in high-inflation, high-risk markets enables accurate pricing and prevents unexpected loss emergence.

Outputs warrant much greater trust when complete data is run against the full suite of models, helping to avoid unpleasant surprises in the wake of any catastrophic event. These outputs serve as the currency for risk transfer and are increasingly important for organizations and communities across the globe to manage risk as conversations on resiliency become more detailed. Going beyond the standard model output, Verisk has also provided tools to help companies stress-test their portfolios to account for the impacts of long-term climate change or social inflation. We are continuing this commitment with Verisk Model Exchange. Leveraging catastrophe models and purpose-built solutions—supported by data and methodologies that are well-validated, founded in science, and transparent—empowers the industry to face challenges head-on, providing stability and resilience to organizations and the communities they serve.



Verisk's global suite of catastrophe models, spanning more than 120 countries and regions, helps provide context for the losses the industry has experienced over the past few years. The models capture a range of both natural catastrophes, as reviewed in this paper, and man-made perils, including terrorism, strikes, riots, civil commotion, and casualty events. While actual annual insured losses over the past five years have been high, averaging $139 billion, they should not be seen as outliers. The Verisk global AAL at $171 billion represents the scale of potential loss for a given year. With this information, companies can prepare for large loss years and truly own their risk with confidence, so they can weather these challenging years without threatening their solvency.

As organizations continue to understand and manage these events, Verisk's models, used with Verisk Synergy Studio, Touchstone®, and Touchstone Re, and the EP curves they generate, can provide the information companies need to benchmark their potential losses and confidently manage their catastrophe risk. The opportunity extends beyond defense: closing the protection gap will improve global resilience and provide a growth opportunity for carriers that seek to close it.

Endnotes

i. Aon, *Windstorm Éowyn: One Year On* (Chicago: Aon plc, January 2026).

ii. PERILS AG, "Final Industry Loss Estimate for Windstorm Éowyn," January 2026.

iii. Aon, *1H 2025 Global Catastrophe Recap* (Chicago: Aon plc, July 2025), executive summary.

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