Measuring the Global Insurance Gap

Global Risk

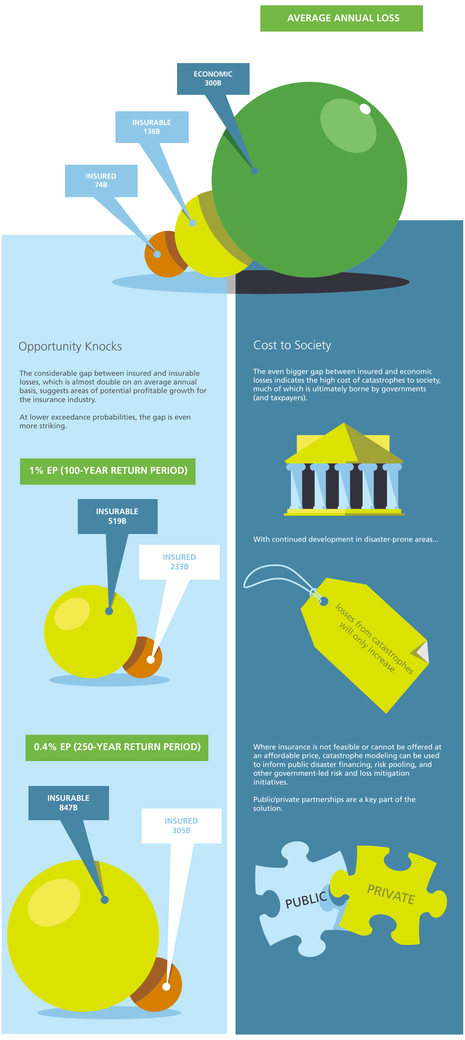
With interconnected markets and increasingly rigorous regulatory environments, companies need a comprehensive view of catastrophe risk on a global scale.

Based on AIR's suite of models, covering nine perils across more than 90 countries, catastrophes worldwide are expected to cost

USD 74 Billion

in insured losses each year on average.

But there's more to the picture…



Opportunity Knocks

The considerable gap between insured and insurable losses, which is almost double on an average annual basis, suggests areas of potential profitable growth for the insurance industry.

At lower exceedance probabilities, the gap is even more striking.

1% EP (100-YEAR RETURN PERIOD)

0.4% EP (250-YEAR RETURN PERIOD)

Cost to Society

The even bigger gap between insured and economic losses indicates the high cost of catastrophes to society, much of which is ultimately borne by governments (and taxpayers).

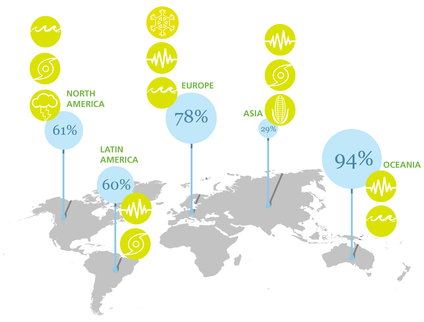
With continued development in disaster-prone areas…

Where insurance is not feasible or cannot be offered at an affordable price, catastrophe modeling can be used to inform public disaster financing, risk pooling, and other government-led risk and loss mitigation initiatives.

Public/private partnerships are a key part of the solution.

Where in the world?

The size of the insurance gap varies throughout the world.



Percentage of average annual insurable losses that is insured, based on AIR's current suite of models, and top insurable peril in each region.

Taking the Global View

By evaluating losses on a global scale across all perils, companies can:

READ THE 2015 GLOBAL MODELED CATASTROPHE LOSSES WHITE PAPER

AIR WORLDWIDE