

The impact of extreme weather for insurers

30 May 2023

< Previous

Predicted surge in data privacy litigation claims

Next >

An American insurer GCube has reported **Terrorism (Protection of Premises) Draft Bill – What do insurers need to know?** that summer 2022 was the worst summer on record for natural catastrophe and extreme weather related claims in the US. Natural catastrophes and extreme weather are becoming more prevalent and damaging, naturally resulting in increased insurance payouts.

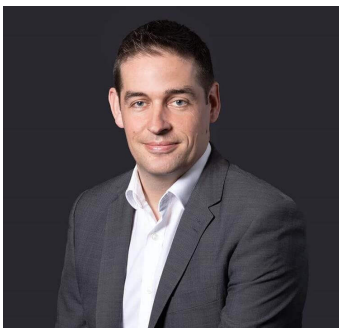
For example, in 2022 insured losses arising from severe hail stones in Texas were expected to reach \$300 million. The solar power industry is particularly vulnerable to harsher weather conditions partly due to a move towards the use of thinner glass to reduce the use of raw materials during the construction phase, which can result in solar panels being less resilient to weather conditions.

What can insurers learn from this?

Harsh weather conditions seem to be occurring at a quicker rate than the development of strategies to mitigate such events in the North American market. This is also likely to be the case outside of North America. The rise of natural catastrophe and extreme weather conditions is unsurprising given climate change challenges, but the increase in related insurance claims and the continued difficulty of managing such risks is a continued cause for concern for insurers.

As suggested by the CEO of GCube, “a more adequate market correction is needed to address the growing severity of natural catastrophes and extreme weather events.”

Key contact



Tim Johnson

Partner

tim.johnson@brownejacobson.com

+44 (0)115 976 6557

You may be interested in...

Coverage disputes and policy interpretation

Environmental

Policy drafting and distribution