



New record for NZ's costliest weather events: Expense 20 times more than previous high, Aon report reveals

Extreme weather events in the current climate have revealed significant vulnerabilities across the Pacific region

AUCKLAND, March 14, 2024 – [Aon plc](#) (NYSE: AON), a leading global professional services firm, has published its [2024 Climate and Catastrophe Insights Report](#), shedding light on global natural disaster and climate trends.

The report found that New Zealand has experienced its two costliest weather-related events for the local insurance sector on record, even after adjusting for inflation.

The 2023 Auckland Anniversary flooding incurred NZD \$5.57 billion of economic loss and NZD \$2.23 billion of insured loss, which was followed by Cyclone Gabrielle, causing NZD \$6.4 billion in economic loss and NZD \$2.02 billion in insured loss.

There were more than 55,000 insurance claims as a result of Cyclone Gabrielle alone, reflecting entire communities of displaced families and interrupted businesses.

Prior to these events, the largest weather-related loss since the 1960s was the Timaru hailstorm in 2019, resulting in NZD \$202 million in insured loss, adjusted for inflation in current dollars. As it stands, both 2023 events have completely eclipsed all previous loss experienced.

On a global scale, damage from natural disasters in 2023 totalled USD \$380 billion in economic losses and USD \$118 billion in insured losses, with economic losses 22 percent above the 21st century average.

James Knight, senior analyst and head of Catastrophe Research and Advisory (ANZ) at Aon, said New Zealand wore more than its share of economic loss in the Pacific region in 2023, especially when per capita calculations were considered.

“While the present-day climate is driving increasingly unpredictable extreme weather events and vulnerabilities for New Zealand, it does present an opportunity for organisations to take a more holistic approach to building resilience through preparedness and mitigation measures,” Knight said.

As more organisations are beginning to work on climate-related disclosures, early adopters are benefitting the most. It is not just a compliance exercise; climate modelling and risk assessments can result in a much better understanding of protection gaps and associated insurance solutions. It is also



important for organisations to understand their risk tolerance: for example, if their asset portfolio should be reconfigured, or if more granular data is required to help more accurately assess current and future flood exposure.

Knight reiterated that climate modelling and risk assessments can help businesses to better understand their protection gaps and available risk mitigation options.

“These findings have also heightened the need for closer cooperation between public and private organisations about where and how property is permitted to be built, identification of high-risk areas against a backdrop of climate change, and the creation of adequate mitigation practices including business continuity and community resilience.

“Balancing the urgency of adoption with thoughtful community consultation and collective decision making will be the key to moving forward,” Knight added.

Read the Climate and Catastrophe Report Pacific Insights report article [here](#).

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