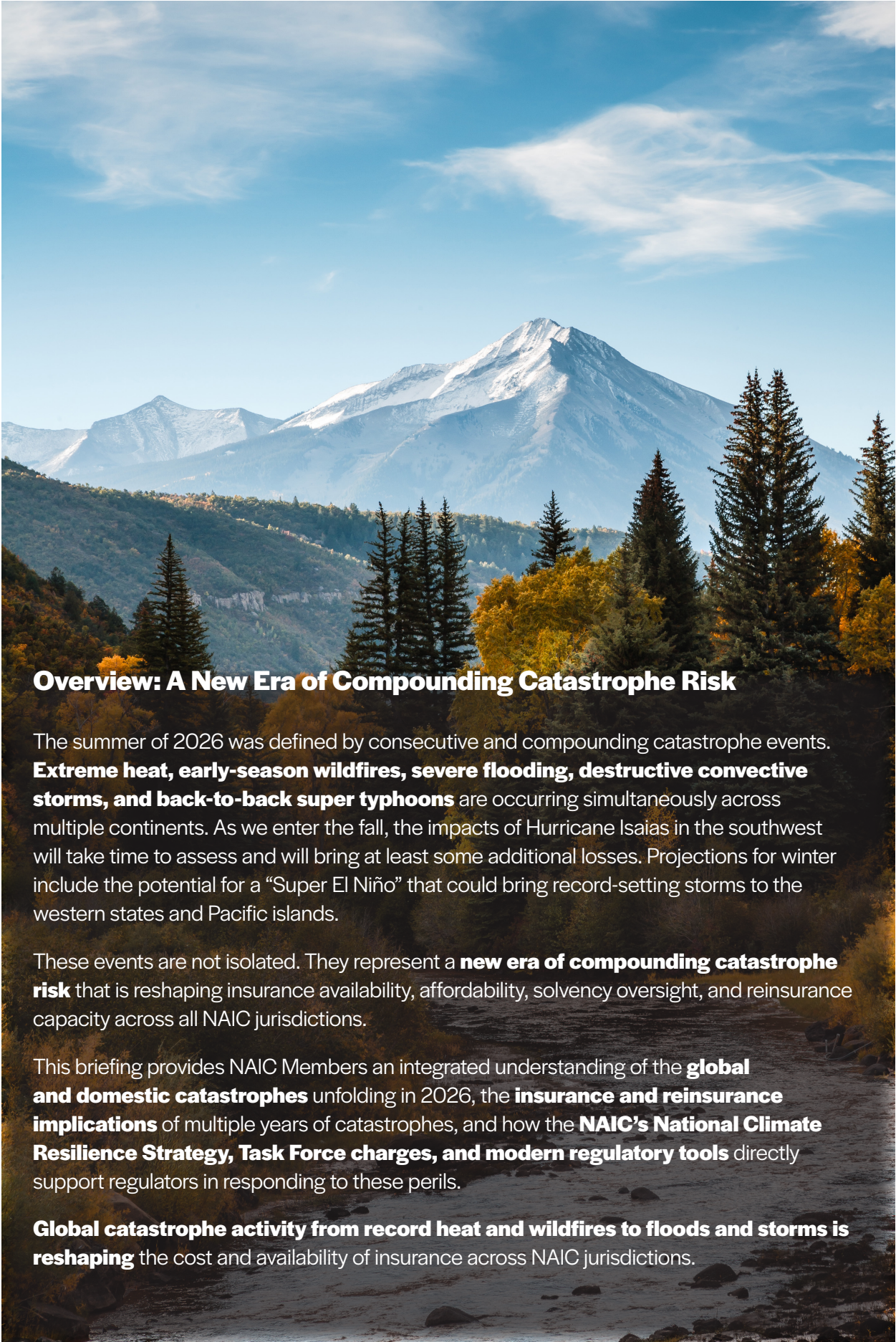


Natural Catastrophe Risk and Resilience (EX) Task Force

Catastrophe Risk Brief



OCTOBER 2026



Overview: A New Era of Compounding Catastrophe Risk

The summer of 2026 was defined by consecutive and compounding catastrophe events. **Extreme heat, early-season wildfires, severe flooding, destructive convective storms, and back-to-back super typhoons** are occurring simultaneously across multiple continents. As we enter the fall, the impacts of Hurricane Isaias in the southwest will take time to assess and will bring at least some additional losses. Projections for winter include the potential for a “Super El Niño” that could bring record-setting storms to the western states and Pacific islands.

These events are not isolated. They represent a **new era of compounding catastrophe risk** that is reshaping insurance availability, affordability, solvency oversight, and reinsurance capacity across all NAIC jurisdictions.

This briefing provides NAIC Members an integrated understanding of the **global and domestic catastrophes** unfolding in 2026, the **insurance and reinsurance implications** of multiple years of catastrophes, and how the **NAIC’s National Climate Resilience Strategy, Task Force charges, and modern regulatory tools** directly support regulators in responding to these perils.

Global catastrophe activity from record heat and wildfires to floods and storms is reshaping the cost and availability of insurance across NAIC jurisdictions.

Global and Domestic Catastrophe Landscape — Summer 2026

Across the world and within the United States, 2026 has produced a pattern of **simultaneous, high-severity perils** that collectively stress insurance markets, reinsurance scenarios and regulatory systems by exposing protection gaps and escalating costs.

Extreme Heat: Across Europe, North Africa, Asia, and the United States

Record-breaking heatwaves have swept across Europe, North Africa, and Asia, producing widespread excess mortality, infrastructure strain, and heightened wildfire risk.

2026 is the hottest June ever recorded in Western Europe, with **more than 1,300 excess deaths** since June 21 and **nearly 1,000 deaths in France alone**. Some analyses estimate **over 10,000 heat-related deaths** across Europe this summer with heat waves come insured and uninsured costs.



Since early June, **Heatwaves** have intensified across the United States, affecting California, Arizona, Nevada, New Mexico, Texas, Louisiana, Oklahoma, Arkansas, Mississippi, Alabama, Georgia, Florida, Kansas, Missouri, Illinois, Iowa, and Nebraska.

These prolonged heat events are driving **rising heat-related mortality, sustained nighttime temperatures**, and **significant strain on transportation and energy systems**.

Extreme heat is now a **systemic insurance peril**, influencing workers' compensation, health claims, business interruption, infrastructure reliability, supply chains, and long-term solvency considerations. The impacts of the strain may or may not be immediately visible, in part because hurricane impacts have been relatively quiet compared with the large severity hurricane years. However, the combined impact to financial markets from the global events of summer 2026 and the next large hurricane are a forward-looking concern

Wildfires: Multiple Continents and U.S. States

Wildfire activity in 2026 has been **exceptionally early, widespread, and destructive**, with significant impacts across Europe, North Africa, Canada, Australia, and the United States.

In the U.S., wildfires began **weeks earlier than average**, with major activity across Washington, Oregon, California, Idaho, Montana, Colorado, New Mexico, Arizona, and Alaska, including **the most severe fire losses in Washington state history** In August 2026.



These states have already experienced **multiple large fires, major evacuations, structures lost, and tens of thousands of acres burned**. Smoke impacts have triggered **air-quality alerts** across regions, and early season losses are already influencing underwriting appetite and reinsurance purchasing.

Globally, Southern Europe including parts of France, Spain, Portugal, Greece, Italy, Croatia, and Norway is experiencing **three of the largest fires of the past decade**, with **thousands of fires** and **major evacuations**.

North Africa, including Algeria, Tunisia, Morocco is facing **wildfires intensified by extreme heat**.

Canada has nearly **900 active wildfires**, with smoke affecting air quality across Canada and the U.S.

Australia is experiencing early-season bushfires across multiple states.

Wildfire is now a **year-round, multi-continent peril**, with cumulative losses influencing global reinsurance pricing and underwriting appetite.

Flooding and Severe Storms: Europe, Asia, South America, and the United States

Severe flooding has caused major damage to homes, agriculture, and critical infrastructure across Germany, Austria, Italy, Slovenia, Albania, and Turkey.

Monsoon and extreme rainfall events in India, Pakistan, Bangladesh, China, and parts of South America have produced large economic losses with partial insurance coverage.

In the United States, catastrophic flooding has impacted **Midwest river basins and Appalachian regions**, while severe convective storms, hail, tornadoes, straight-line winds have driven **billions in insured losses** across Texas, Oklahoma, Kansas, Nebraska, Minnesota, and Wisconsin.

Severe convective storms outpaced hurricanes in 2025 as the **costliest U.S. insurance peril**, and flood remains a **major protection gap at a time when El Nino conditions are projected to be particularly strong**.



Super Typhoons: U.S. Pacific Islands

Two major tropical cyclones have already hit NAIC jurisdictions in 2026:

- **Super Typhoon Sinlaku** (April) brought 150 mph winds, severe flash flooding in Guam, and widespread structural damage across Saipan and Tinian.
- **Super Typhoon Bavi** (July) struck Guam and the Northern Marianas Islands (CNMI) across Rota, and Saipan, triggering the highest emergency readiness levels and compounding infrastructure damage.

These back-to-back events highlight the vulnerability of Guam and CNMI to tropical cyclone risk and the importance of wind, flood, and storm surge modeling and mitigation to prepare for future disasters.

Market Implications: Insurance and Reinsurance Stress Signals

The convergence of record heat, deadly wildfires, historic floods, severe convective storms, and emerging Super El Niño conditions are already reshaping global and U.S. risk profiles, and setting conditions for insurance market impacts in the near future. Hurricane activity in 2026 has thus far been limited, meaning that the next hurricane will occur on top of a summer of substantial global events.

Key impacts include:

- **Higher reinsurance pricing and tighter capacity**
- **Increased capital and rate need** to maintain availability
- **Widening protection gaps** for flood, wildfire, heat, and tropical cyclones
- **Affordability and accessibility challenges** for consumers and businesses
- **Greater solvency oversight demands** as catastrophe volatility increases

Regulators must anticipate **market stress**, **capital strain**, and **consumer vulnerability** as a multiple perils thought to be secondary are now sources of major local and global insurance costs.

NAIC Resilience Strategy and Task Force Charges: Aligned to support Regulators

The NAIC has spent years building a modern regulatory framework designed for exactly the kind of multiperil year unfolding in 2026. The National Climate Resilience Strategy, 2026 Task Force charges, and recent advances in NAIC capabilities and tools provide regulators with **real-time visibility**, **forward-looking analytics**, and **actionable pathways** to protect markets and consumers.

National Climate Resilience Strategy:

The Strategy helps regulators identify shrinking coverage for **extreme heat and cold, wildfire, flood, severe convective storms, typhoon, and earthquake**, and supports interventions to address market disruptions, nonrenewals, coverage limitations, and deductible increases. It focuses on **expanding private flood options** in flood-prone regions and supports our territories in



It strengthens mitigation programs across states and territories and provides modeling and climate resilience scenarios that allow regulators to test multi-year sequences of wildfire, hurricane, severe convective storms, and typhoon events.

Natural Catastrophe Risk and Resilience (EX) Task Force Charges:

The Task Force's charges are designed to ensure regulators have the guidance, coordination, and forward-looking capabilities needed to oversee markets in an era of accelerating catastrophe risk. Through its two working groups, the Task Force advances resilience, strengthens regulatory readiness, catalyzes product innovation to close insurance protection gaps, and supports jurisdictions as they confront tightening markets and rising peril volatility.

Pre-Disaster Mitigation and Risk Modeling Working Group

This group equips regulators with modern risk-assessment tools and mitigation strategies that improve regulatory decision-making before disasters occur. It evaluates catastrophe models, supports state engagement with federal resilience programs, and strengthens partnerships with scientific and emergency-management agencies ensuring regulators have the analytical foundation needed to anticipate emerging risks and protect market stability.

Severe Peril and Property Insurance Market Working Group

This group focuses on market conditions, protection gaps, and regulatory solutions for wildfire, flood, severe convective storms, and tropical cyclones. It monitors underwriting trends, leads national flood-risk awareness efforts, and how regulators can encourage innovative insurance products that close protection gaps. Its work helps regulators respond to evolving insurer appetites and maintain consumer access to essential coverage.

NAIC Resilience Strategy - New Capabilities Supporting Catastrophe Oversight

Risk Assessment and Communication → Risk Reduction → Market Intelligence

Risk Assessment and Communication

Know Your CAT:

Know Your CAT is the NAIC's modern catastrophe intelligence platform, providing **jurisdiction-specific insights** into exposure, historical losses, protection gaps, and emerging risk trends for **wildfire, flood, severe convective storms, tropical cyclones, heat, and earthquake**. By consolidating fragmented catastrophe information into **a single, authoritative view**, Know Your CAT enables regulators to identify **non-renewal patterns, coverage tightening**, and **market**

concentration during periods of heightened peril activity. It is a cornerstone of the National Climate Resilience Strategy and a foundational tool in the Task Force's modernization of national catastrophe oversight. Know Your Cat is the catalyst for Proactive and Real-Time regulator responses and communications when catastrophe events occur.

Catastrophe Risk Management Center of Excellence (COE):

The COE provides regulators with **state-of-the-art modeling expertise** for wildfire spread, flood depth, severe convective storm impacts, regional wind risk, storm surge, and earthquake severity analytical capabilities typically available only to large insurers and reinsurers. It supports evaluation of **benchmarks for mitigation incentives, capital needs, catastrophe risk in rate filings, and solvency impacts**, and assists jurisdictions recovering from major events such as typhoons by assessing **wind vulnerability, storm-surge exposure, and structure resilience**. Specific COE analyses can reinforce the cost-benefit data that support the value of risk mitigation grant funding for future insurability.

Growth of Mitigation Grant Programs

- 25 states are now developing or implementing risk mitigation grant programs
- In 2026, the number of IBHS Fortified Homes reached 100,000 and counting
- The performance of IBHS Fortified Homes was studied in the aftermath of Hurricane Sally in Alabama: fortified construction reduced loss frequency by 55% to 74%. (2025. *University of Alabama Center for Risk and Insurance Research and the Alabama Department of Insurance*)
- Following the lead of the southeastern states, the Task Force set a goal of reaching one million hardened homes

Natural Catastrophe Risk Dashboard:

The Natural Catastrophe Risk Dashboard provides regulators with an integrated view of natural catastrophe protection gaps, **climate-related financial and underwriting risk**, combining data on exposure, losses, market behavior, and emerging trends across multiple perils. It helps departments monitor how climate risk is influencing **rate filings, capital positions, product offerings, and market exits**, and supports early identification of stress points where affordability, availability, or solvency may be at risk.

TCFD-Aligned Climate Risk Survey (Task Force on Climate-related Financial Disclosures):

The NAIC's TCFD-aligned survey has rapidly become **one of the largest TCFD-based insurance disclosure regimes in the world**, with participation from departments representing **most of the U.S. insurance market**. Multiple insurance sector organizations utilize the information, including **Ceres** and the **Society of Actuaries (SOA)**, analyze insurer responses to evaluate climate governance, scenario analysis, forward-looking strategies on solvency and reinsurance, and long-term resilience planning. This survey demonstrates the importance of risk modeling information

and provides regulators with **deep, decision-useful insight** into how insurers model climate risk, integrate it into enterprise risk management, and prepare for multiperil catastrophe environments.

Risk Reduction: Solvency and Market Stability

The NAIC's solvency framework is now fully integrating climate-related catastrophe risk, reflecting a new level of coordination across the **C, E, and G Committees**. This cross-committee alignment allows regulators to evaluate how repeated catastrophe years affect insurer capital, reinsurance purchasing, market behavior, and long-term financial stability. It also demonstrates why the Natural Catastrophe & Resilience (EX) Task Force operates at the executive level of the NAIC coordinating solvency oversight, market intelligence, and global engagement into a unified resilience strategy.

C Committee Alignment: Market Stability and Consumer Protection

The C Committee's market conduct and consumer protection work now complements the Task Force's catastrophe oversight by identifying emerging protection gaps, monitoring affordability pressures, and evaluating insurer behavior in high-risk regions. This coordination ensures that solvency review, market stability, and consumer access are addressed comprehensively across the NAIC linking catastrophe analytics to real-world impacts on households and businesses.

E Committee Collaboration: Solvency and Catastrophe Integration

Regulators now have updated analytics on climate-related financial risk incorporated into the Financial Examiners Handbook and the Financial Analysis Handbook, along with expanded scenario-analysis tools that draw on RCAT data and the Reinsurance Interrogatory. These enhancements support the Task Force's Property & Casualty Reinsurance Training Series and strengthen regulators' ability to assess catastrophe exposure within solvency examinations. The NAIC has also created a Catastrophe Modeling Training Series, including regional examples, to help regulator staff evaluate catastrophe risk, mitigation incentives, and solvency impacts.

G Committee Coordination: Global and Hemispheric Resilience

The NAIC's global engagement is strengthened through our historic membership in ASSAL and the joint NAIC-ASSAL Work Plan, which aligns regulatory priorities across the hemisphere. This collaboration supports shared approaches to catastrophe risk, solvency oversight, and market stability, and reflects the growing coordination between the G Committee and the Natural Catastrophe & Resilience Task Force. Through this partnership, regulators across the Americas are advancing common frameworks for flood resilience, wildfire modeling, extreme-heat impacts, and emerging solvency challenges demonstrating how the NAIC's executive-level catastrophe work now extends across borders and supports a unified hemispheric resilience strategy.

Modern Reinsurance Solvency Analytics

Modern reinsurance analytics now incorporate catastrophe climate-related financial risk into solvency oversight, enabling regulators to evaluate how rising reinsurance costs, reduced capacity, and tighter terms influence capital adequacy and risk loads. These capabilities help jurisdictions anticipate stress points and maintain market stability during periods of heightened

catastrophe volatility. Together, these cross-committee tools and partnerships reflect a new era of integrated oversight in which catastrophe risk, solvency review, market stability, and global coordination are addressed as a single, cohesive regulatory priority.

Risk Mitigation Programs & Incentives:

NAIC supports state and territorial mitigation programs that reduce risk and improve insurability — including **wildfire hardening, flood defenses, wind resilience, and tropical cyclone preparedness**. Across the country, states are beginning to adopt **direct-to-consumer mitigation grant programs** that strengthen homes and reduce catastrophe losses. Alabama, Kentucky, and Louisiana, among others, provide grants for roof upgrades that significantly reduce wind damage. California and New Mexico have launched wildfire-hardening programs that help homeowners install ember-resistant vents, fire-resistant roofs, defensible space, and other critical protections. These programs demonstrate how targeted mitigation investments can improve longterm insurability, reduce future losses, and stabilize markets in high-risk regions.

Insurance Market Intelligence & Data

National Homeowners Data Call:

The data call delivers granular, jurisdiction-level information on **availability, affordability, deductibles, limits, nonrenewals, and market concentration** across homeowners insurance markets. Regulators use these insights to identify communities experiencing **declining availability, increasing cost burdens, or emerging protection gaps**, particularly in wildfire-prone regions and areas affected by repeated severe convective storms.



Closing

As regulators, we stand at a defining moment. The convergence of global catastrophes in 2026 has made clear that climate-driven risk is no longer a distant challenge it is the operating environment in which our markets now function. Yet this moment also demonstrates how far the NAIC has come. In just a few short years, we have built a modern catastrophe oversight framework, developed tools similar in scope to those of global reinsurers to empower regulators with new capabilities and scenarios, and established a unified national strategy for resilience.

The Natural Catastrophe Risk and Resilience (EX) Task Force has transformed fragmented data into actionable insight, strengthened regulatory coordination across jurisdictions, coordinated lessons learned from the innovative programs of the southeast into a fleet of growing mitigation grant initiatives, and equipped commissioners with the resources needed to navigate a rapidly changing risk landscape.

The work ahead will be demanding, but we are prepared for it. The strategies we have built, the tools we have deployed, and the partnerships we have forged position the NAIC to lead with clarity, confidence, and resolve. Together, we can ensure that insurance markets remain solvent, competitive, and accessible not only in this unprecedented year, but in every year that follows.

