

Property insurance faces a new test as disaster losses accelerate

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Extreme weather is creating a more demanding environment for property owners, insurers, and communities. According to the National Centers for Environmental Information (NCEI), the United States recorded 27 confirmed billion-dollar weather and climate disasters in 2024, resulting in a total cost of \$182.7 billion. These events spanned a wide range of extremes, including severe storm events, tropical cyclones, wildfires, drought/heat waves, and winter storm/cold wave events. Over the last decade, cumulative losses from these disasters have exceeded \$1.4 trillion, driven significantly by population growth, material wealth, and increased development in hazard-prone areas. These figures suggest that the financial consequences of extreme events may increasingly depend on how accurately the value of exposed property is understood before a loss occurs.

That question becomes especially consequential during reconstruction. A 2026 report from Bloomberg, featured in Claims Journal, noted that surveys conducted by United Policyholders since 2007 found an average of two-thirds of wildfire survivors reporting that they were underinsured, with an average shortfall of \$200,000 or more. The Insurance Information Institute has similarly estimated that two-thirds of American homeowners may be underinsured for wildfire losses, typically by about 20%, and in some cases by as much as 60%. These findings illustrate how the presence of an insurance policy can still leave a substantial difference between available coverage and the resources required to rebuild, particularly when construction costs rise after a catastrophe.

The financial implications can extend across the broader insurance ecosystem. Aon's 2026 Climate and Catastrophe Insight reported approximately \$260 billion in global economic losses from natural catastrophes during 2025, compared with \$127 billion in insured losses. For property stakeholders, such a figure may place greater attention on the relationship between the value assigned to an asset, the cost of restoring it, and the capital available when a loss occurs.

Frequency can add another layer to that calculation. Data from NCEI indicate that the average interval between U.S. billion-dollar disaster events was approximately 16 days during 2020–2024, compared with 82 days during the 1980s. NCEI notes that shorter intervals can leave less time and fewer resources for response, recovery, and preparation for subsequent events. As the time between major events contracts, property valuations may require more frequent attention because construction costs, labor conditions, materials, and local economic circumstances can change between policy reviews.

Todd Rissel, co-founder and CEO of e2Value, views that changing environment as a reason to reconsider how property value is established and maintained. His perspective is rooted in the practical consequences that can emerge when a valuation becomes disconnected from current rebuilding economics.

“Technology continues to evolve, and our responsibility is to make sure our data and models evolve alongside it so clients can see risk with greater clarity,” Rissel says. For him, the issue reaches beyond the accuracy of a single estimate. A property valuation can influence underwriting, premiums, claims decisions, lending considerations, and ultimately the financial resources available to restore a property.

That can create a difficult modernization challenge for an industry with deeply established systems. Rissel says insurance organizations must balance valuation practices with affordability, regulatory requirements, underwriting models, reinsurance, reserves, and capital availability. He also points to financial market conditions as an important part of the equation. “When bonds and Treasury bills offer attractive returns, capital may move toward investments perceived as carrying less risk, potentially affecting the availability and pricing of capital for insurance and reinsurance,” Rissel says. “Those structural factors can make changes to valuation and coverage practices complex, even when the underlying need for better information becomes more apparent.”

Technology can contribute to that transition by allowing property information and replacement-cost estimates to be updated with greater speed and consistency. e2Value’s web-based valuation systems are designed for residential, commercial, and farm properties, using an economic methodology that considers structural characteristics alongside factors such as materials, labor, and local market conditions. The underlying premise, Rissel says, is that a building’s replacement cost can reflect more than a collection of physical components.

“Most financial decisions, from mortgages to investments, are based on the value of the asset as a whole

and the conditions of the market around it,” Rissel says. “We believe property valuation should follow the same principle. Economics is part of everyday life, and it should be part of how we determine the value of an asset.” That perspective places valuation within a wider financial framework, where current economic conditions can influence the resources required to restore an asset.

The broader challenge is keeping financial assumptions aligned with physical and economic conditions. More frequent catastrophe events, changing reconstruction expenses, and substantial uninsured losses can make outdated property values increasingly consequential for households, businesses, insurers, and lenders. Underinsurance may consequently warrant attention as part of broader financial resilience, with valuation technology providing one potential mechanism for improving the information available to decision-makers.

Change across the insurance ecosystem is already taking place through catastrophe modeling, digital workflows, updated underwriting practices, and new valuation technologies. Large-scale adoption can require time because established systems involve multiple stakeholders and financial considerations. Yet as the cost and frequency of disasters continue to command attention, maintaining current property valuations may become increasingly important. Delays in addressing gaps between insured values and reconstruction costs can leave fewer options when a major loss occurs, making continued investment in better valuation information an increasingly practical consideration for the industry.