



Swiss Re *sigma*, catastrophe report 2005:

Catastrophes cause total damage of USD 230 billion – about one third, or USD 83 billion, covered by insurance

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Zurich, 24 February 2006 – In 2005, more than 97 000 people lost their lives due to natural catastrophes or man-made disasters. The Swiss Re *sigma* statistics for 2005 counted almost 400 catastrophes, which caused damage totalling more than USD 230 billion. About one third, or USD 83 billion, was covered by insurance. In the previous year, insured catastrophe losses had amounted to USD 48 billion. 2005 turned out to be the costliest year ever for property insurers.

More than 97 000 die in catastrophes

Still recovering from the tsunami of December 2004, Asia was again hit by a severe natural catastrophe: on 8 October 2005, an earthquake measuring 7.6 on the moment magnitude scale shook the mountain region of Kashmir. More than 73 300 people lost their lives, 72 000 of them in Pakistan and 1 300 on the Indian side. Over the whole of 2005, more than 97 000 people died in catastrophes.

Total damage amounts to USD 230 billion

Natural and man-made catastrophes in 2005 caused USD 230 billion of damage to buildings, infrastructure, vehicles, or losses to directly affected businesses. Hurricane Katrina entailed the highest total damage by far, at USD 135 billion. Hurricane Wilma ranked second, with destruction amounting to USD 20 billion, followed by hurricanes Rita at 15 and Dennis at 4 billion. The total damage of the Kashmir earthquake is estimated to be USD 5 billion. Man-made disasters triggered damage totalling USD 10 billion, the most costly being the terrorist attack in London in July, explosions in oil processing plants in Canada in January and in the US in March, and the riots in France in October and November.

At USD 83 billion, insured losses take on a new dimension

Claims to property insurers added up to USD 83 billion: 78 billion stemmed from natural catastrophes, and 5 billion from man-made disasters. The hurricanes in the US and Caribbean dominated the record-high losses, mainly as a result of four hurricanes making landfall in the US. Hurricane Katrina alone triggered claims of USD 45 billion, followed by hurricanes Rita and Wilma at USD 10 billion each and Dennis at USD 1 billion. The hurricane season 2005 also broke several meteorological records: 27 named storms (previous record year:

1933 with 21), of which 15 reached hurricane windspeeds (previous record year: 1969 with 12). For the first time ever, three hurricanes attained category 5, the highest on the Saffir-Simpson scale.

In Europe, winter storm Erwin and summer floods in the Alps each cost property insurers USD 1.9 billion. Man-made disasters triggered claims adding up to USD 5 billion worldwide, the costliest being explosions in oil-producing plants in Canada and the US, and fires at electronic equipment manufacturers in Taiwan and Malaysia.

Prospects: more strong hurricanes during AMO warm phase

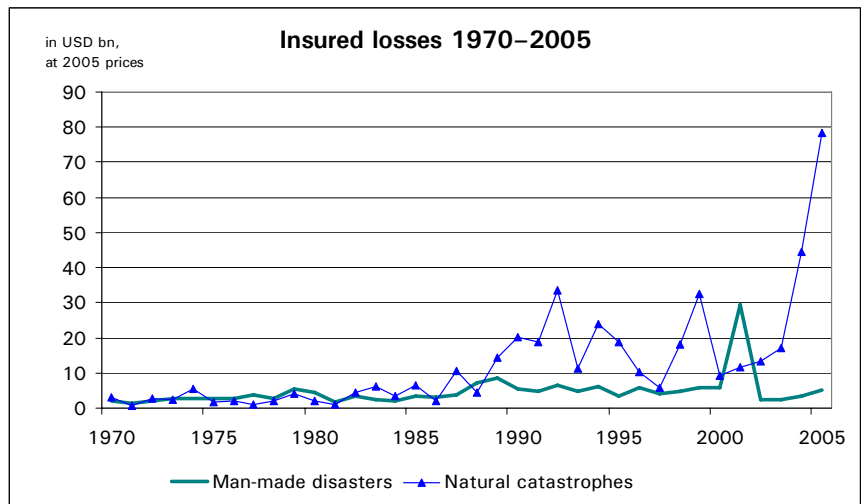
The increase in hurricane losses is related to the warm phase of “Atlantic multidecadal oscillation” (AMO) in the North Atlantic. This warm phase started in 1995 and is expected to last for another 10 to 30 years. Given such climatological conditions, propitious to windstorms, the above-average hurricane activity can be expected to continue, entailing more intense hurricanes.

The worst catastrophes in terms of victims in 2005

<i>Victims (dead and missing)</i>	<i>Date (beginning)</i>	<i>Event</i>	<i>Country</i>
73 300	08.10.2005	Earthquake (M _w 7.6) in Kashmir	Pakistan, India, Afghanistan
2 029	09.02.2005	Cold wave, snow, avalanches, dam burst	Pakistan
1 648	02.10.2005	Hurricane Stan; rain, floods and landslides	Mexico, Guatemala et al
1 326	24.08.2005	Hurricane Katrina; floods, dams burst, damage to oil rigs	US, Gulf of Mexico, Bahamas
1 313	28.03.2005	Earthquake (M _w 8.7);aftershocks	Indonesia

The costliest insurance losses in 2005

<i>Insured loss (in USD million)</i>	<i>Victims (dead and missing)</i>	<i>Date (beginning)</i>	<i>Event</i>	<i>Country</i>
45 000	1 326	24.08.2005	Hurricane Katrina; floods, dams burst, damage to oil rigs	US, Gulf of Mexico, Bahamas
10 000	34	20.09.2005	Hurricane Rita; floods, damage to oil rigs	US, Gulf of Mexico, Cuba
10 000	35	16.10.2005	Hurricane Wilma; rain, floods	US, Mexico, Jamaica, Haiti, Cuba
1 887	18	08.01.2005	Winter storm Erwin; floods	Denmark, Sweden, UK, Norway et al
1 864	49	19.08.2005	Rain, storms, landslides in the Alps	Switzerland, Germany, Austria et al



Notes to editors

Swiss Re

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How to obtain a copy of this *sigma* study:

The English and German versions of the *sigma* study No 2/2006, "Natural catastrophes and man-made disasters 2005: high earthquake casualties, new dimension in windstorm losses", are available electronically on Swiss Re's website, those in French, Italian and Spanish will be available soon: www.swissre.com/sigma

Printed editions of *sigma* No 2/2006 can now be ordered: English and German versions are now available, those in French, Italian, Spanish, Chinese and Japanese will be available soon. Please send your orders, complete with your full postal address, to:

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