

Media Dialogue

More collaboration is required to
maintain insurability

26 March 2024



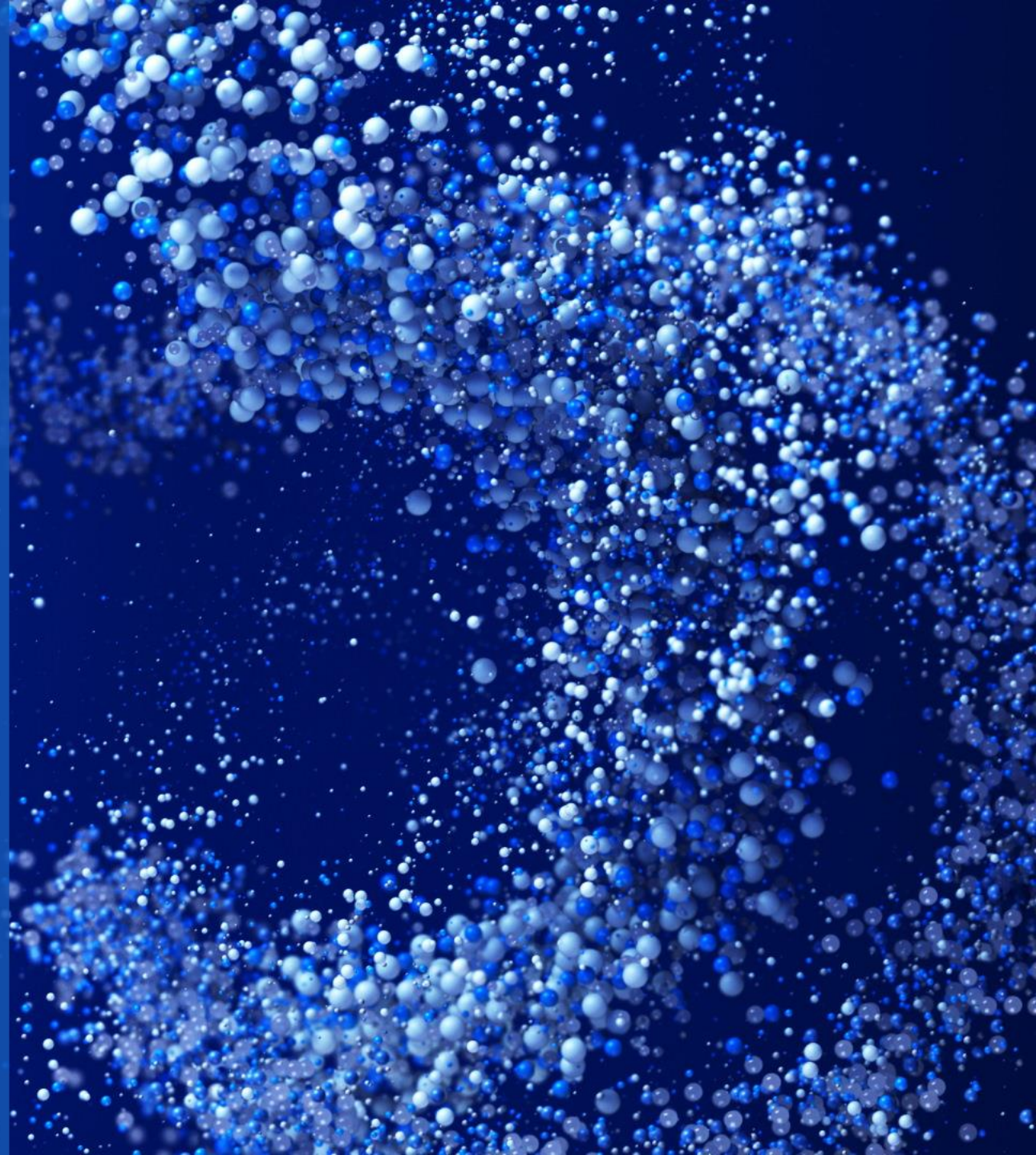
Welcome

Charlotte Nelson
Media Relations

New records in 2023 drive
natural catastrophe insured losses
above USD 100 billion



Jérôme Haegeli
Group Chief Economist



USD 100 billion mark exceeded again

USD 108bn

Natural catastrophe insured losses, out of USD 117bn total catastrophe losses

142

Record high number of insured loss natural catastrophe events**

4th

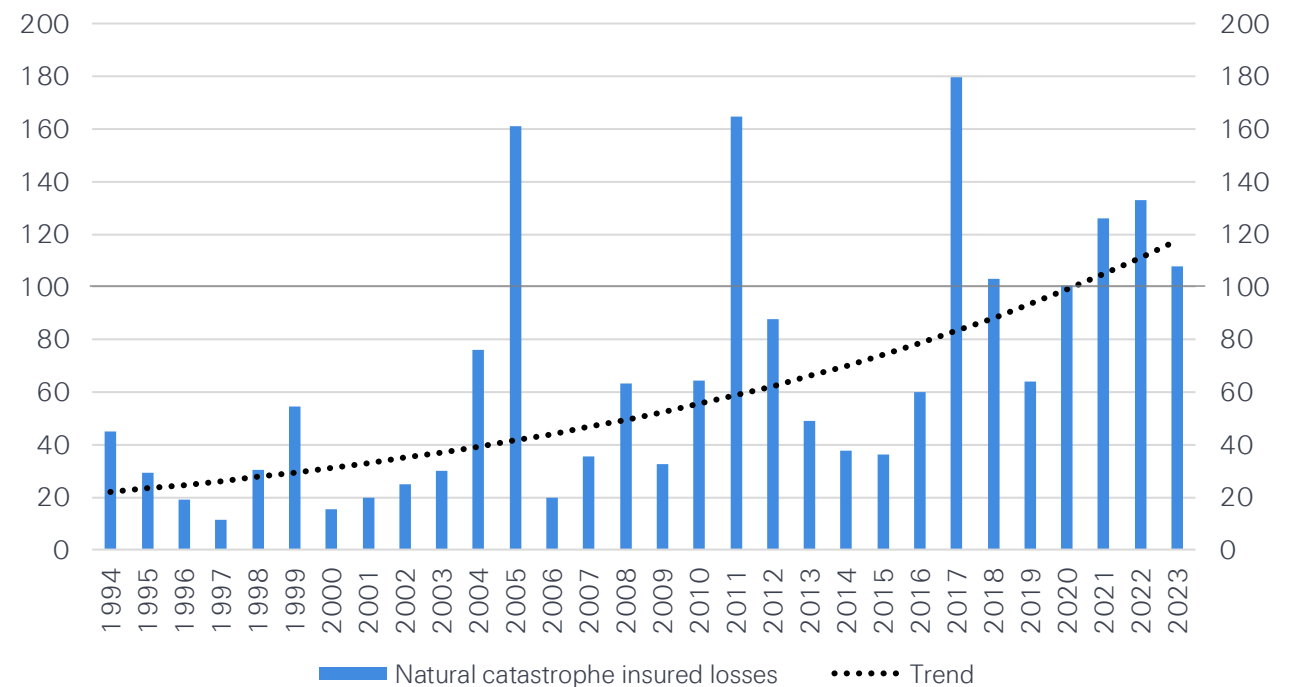
Consecutive year with natural catastrophe insured losses above USD 100bn*

5-7%

Average annual growth trend of insured losses from natural catastrophes re-affirmed

Losses keep rising in a fast-evolving risk landscape

Global natural catastrophe insured losses since 1994, in USD billion at 2023 prices



Source: Swiss Re Institute

* At 2023 prices.

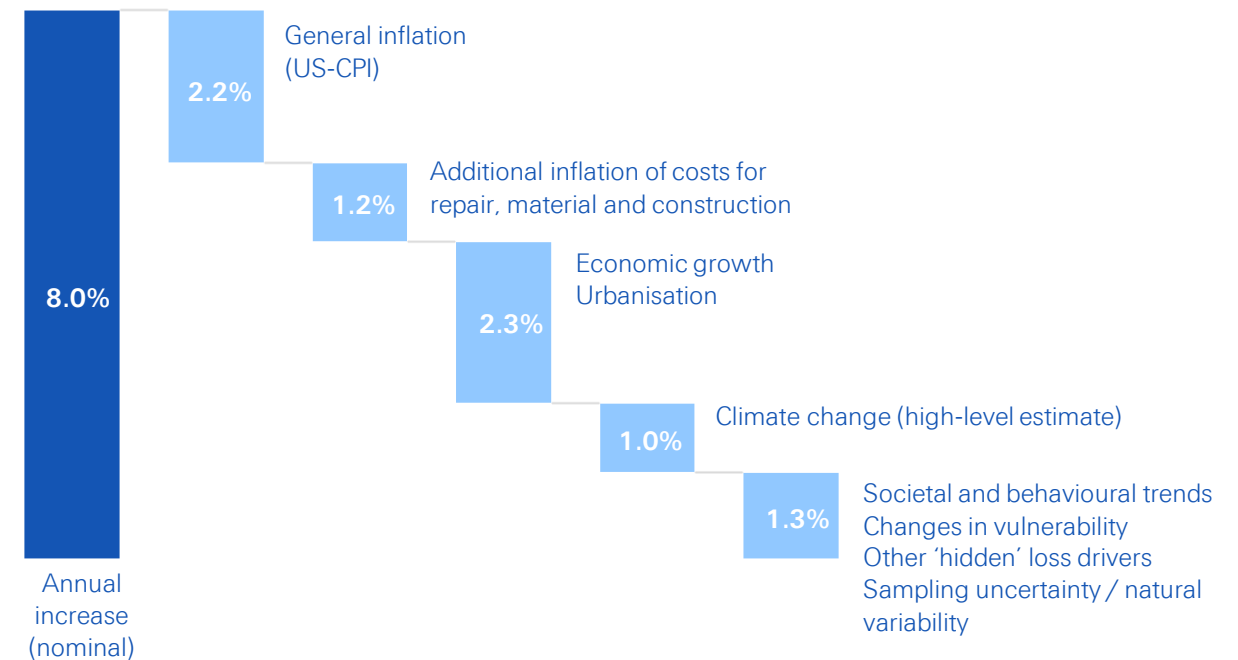
** Out of 218 total natural catastrophe events meeting *sigma* thresholds.

Severe convective storms break loss records globally and in the US

US SCS annual loss growth: 8% in 15 years (5.8% in real terms)

Annual increase of insured losses from SCS in the US, 2008–2023, uninflated (dark blue), by driver (light blue)

- **2023 severe convective storm** (SCS*) losses: **USD 64bn globally** (60% of total natural catastrophe insured losses), in the US: USD 54bn and in Europe: USD 9bn
- **Macroeconomic factors** drive most of the growth: 5.7% in the US in the past 15 years
- **Climate change** intensifies hazards – which further compounds losses
- **Solar panels** on roofs and **lack of building codes** against hail add to the loss risk



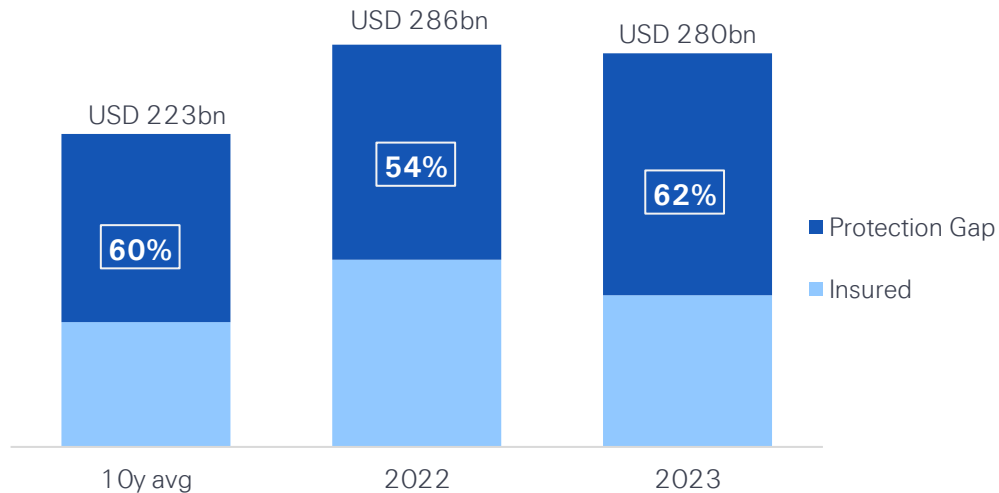
Source: Swiss Re Institute

* Severe convective storms = thunderstorms with hail and tornadoes.

62% of natural catastrophe losses in 2023 were uninsured

The natural catastrophe protection gap is rising

Natural catastrophe economic losses in USD billion at 2023 prices, and uninsured losses (protection gap) as % of total economic losses

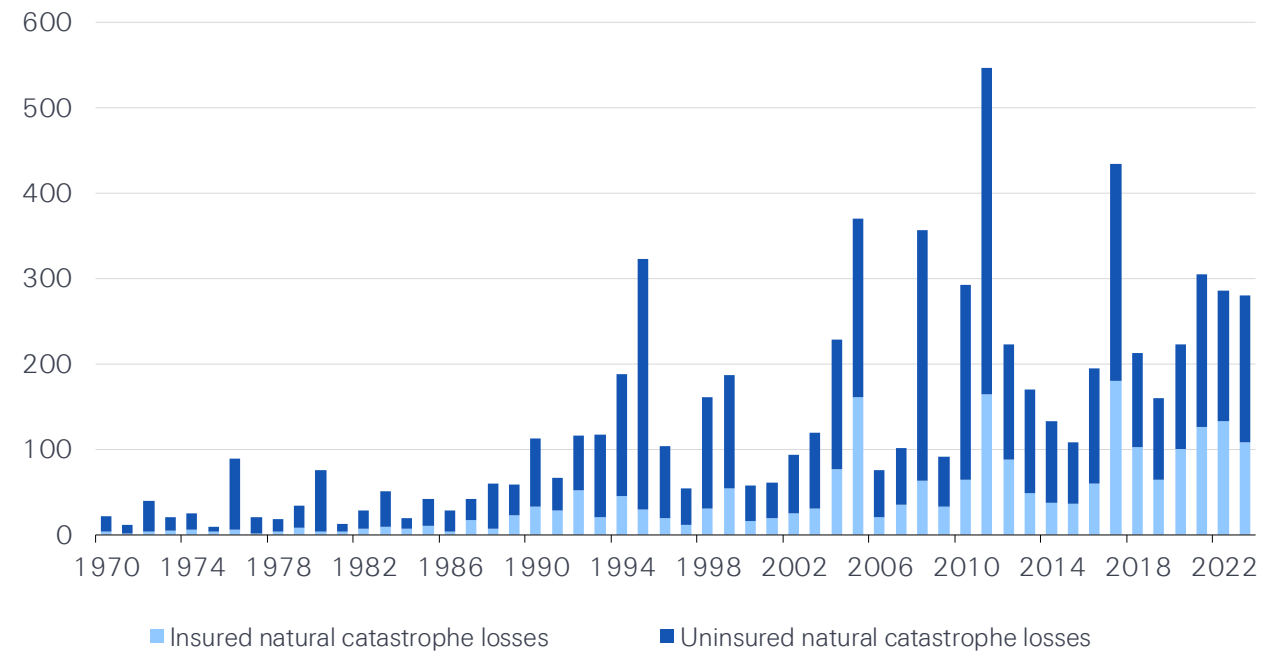


Source: Swiss Re Institute

Note: Economic losses = insured + uninsured losses;
Protection gap = uninsured losses

Many regions of the world still lack insurance protection

Global insured and uninsured natural catastrophe losses since 1970, in USD billion at 2023 prices



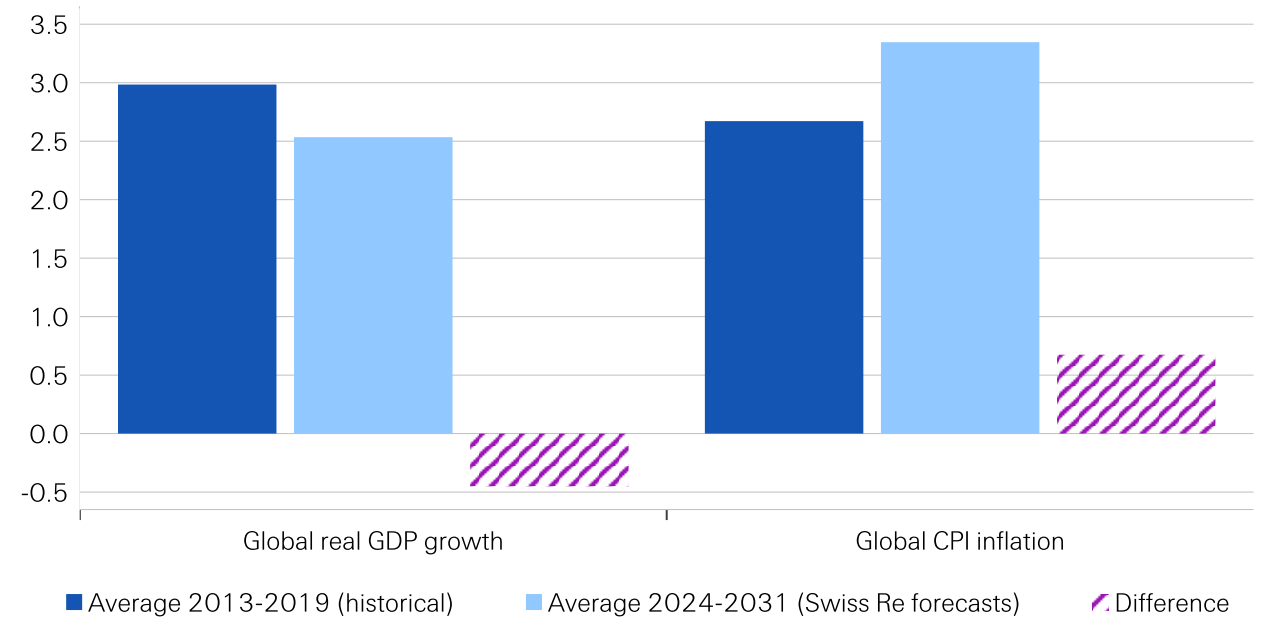
Source: Swiss Re Institute

Loss developments, structurally higher inflation and lower economic growth ahead make it all the more urgent to reduce risk

- The **natural catastrophe loss burden has doubled** as a percentage of world GDP over the **last 30 years**
- Rising losses require matching **growth of re/insurance capital and capacity**
- Over the next decade, we envision **inflation** to be **structurally higher** and **growth lower** versus pre-COVID
- The direction of travel calls for risk reduction through **adaptation and mitigation**
- **Benefits of risk reduction outweigh the costs**, eg, net benefits per USD 1 invested in modern building codes range from USD 6 (for floods) to USD 12 (for earthquakes)

Structurally higher inflation and lower growth ahead

Average annual global growth and inflation over the next vs past decade, in %

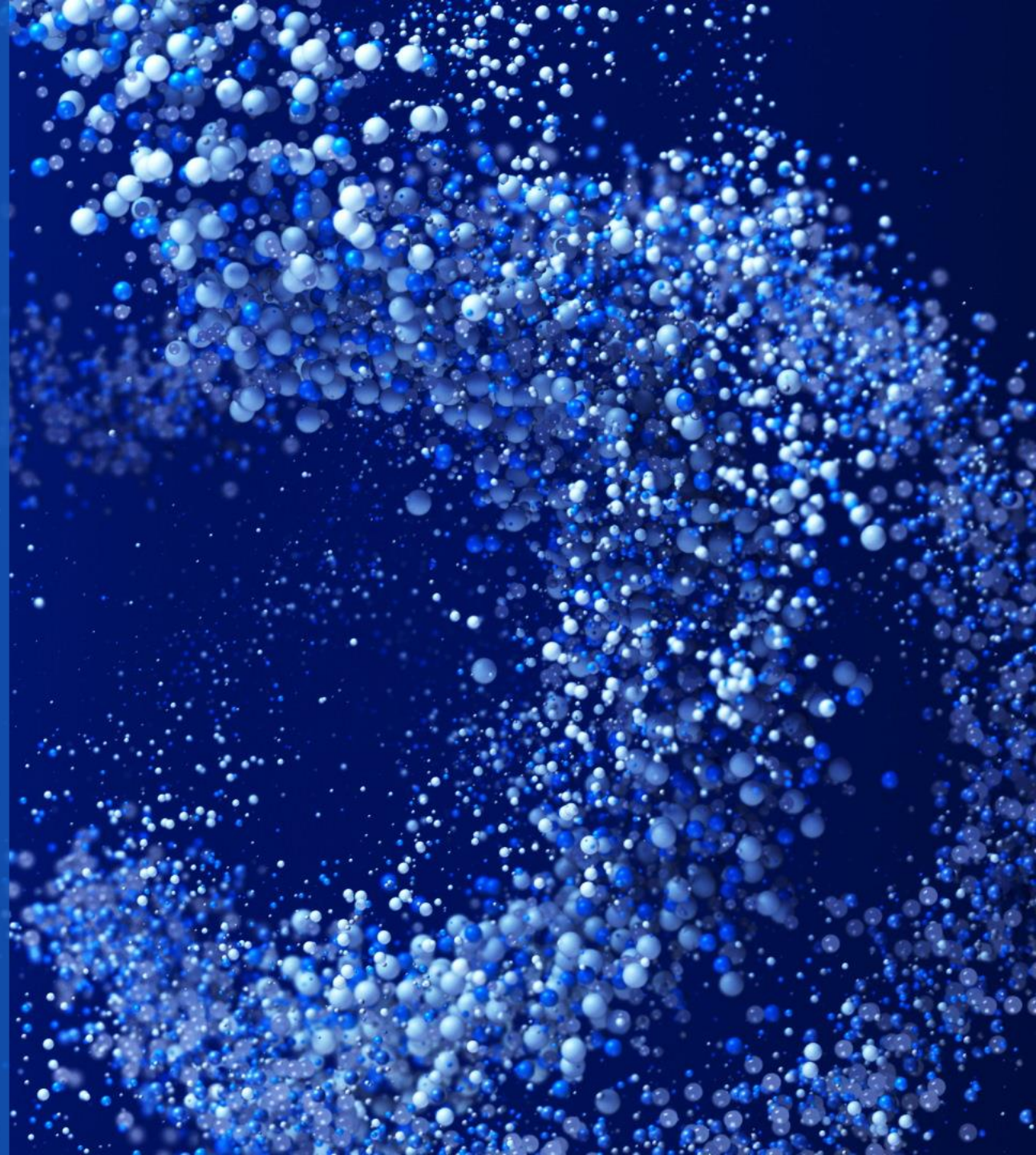


Source: Macrobond, Swiss Re Institute

How can insurability be maintained in times of rising loss burdens?



Moses Ojeisekhoba
CEO Global Clients &
Solutions



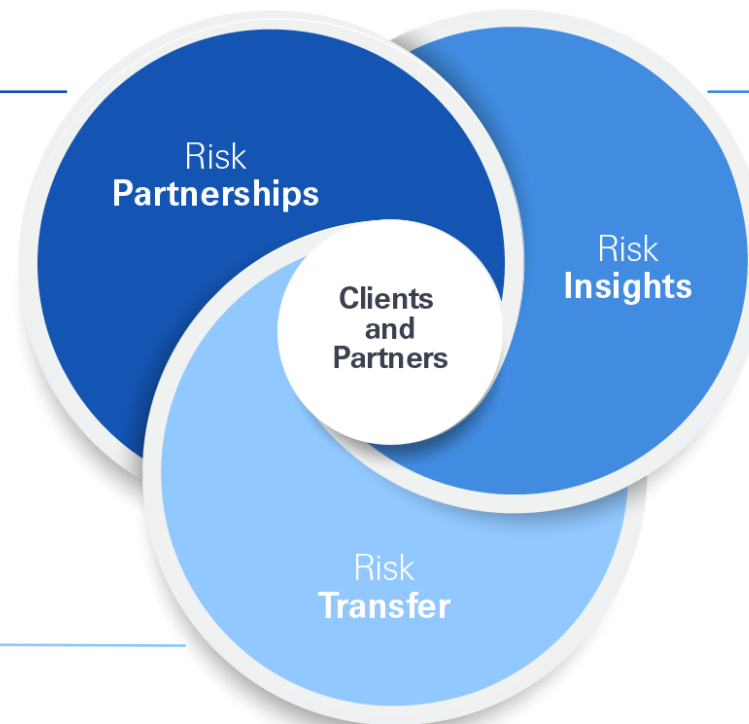
A holistic approach to natural catastrophe risk is required to narrow the protection gap

Risk partnerships

- Through risk partnerships, we're finding new and innovative ways to process, transfer and diversify risk, enabling tangible benefits for insurers
- In this, strong tech partnerships are key. This includes access to capital markets, B2B2C products, and new ecosystems

Risk transfer

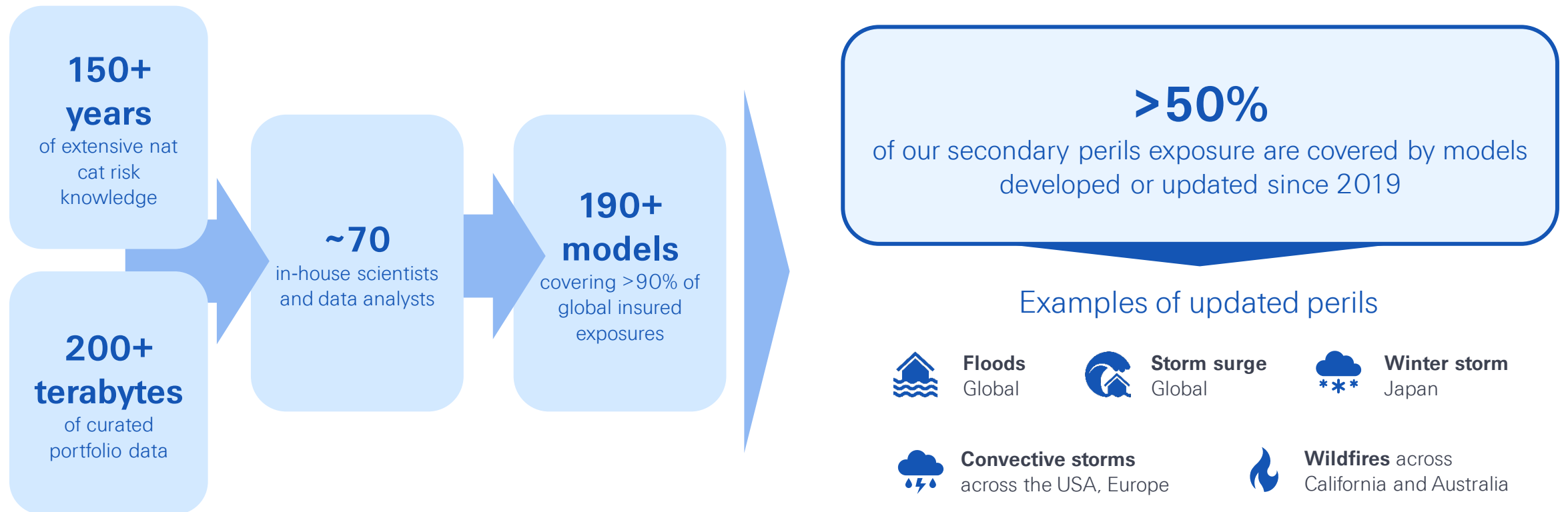
- The very core of reinsurance – enabling insurers to insure against large losses
- Increasing losses from natural catastrophes call for effective risk transfer solutions



Risk insights

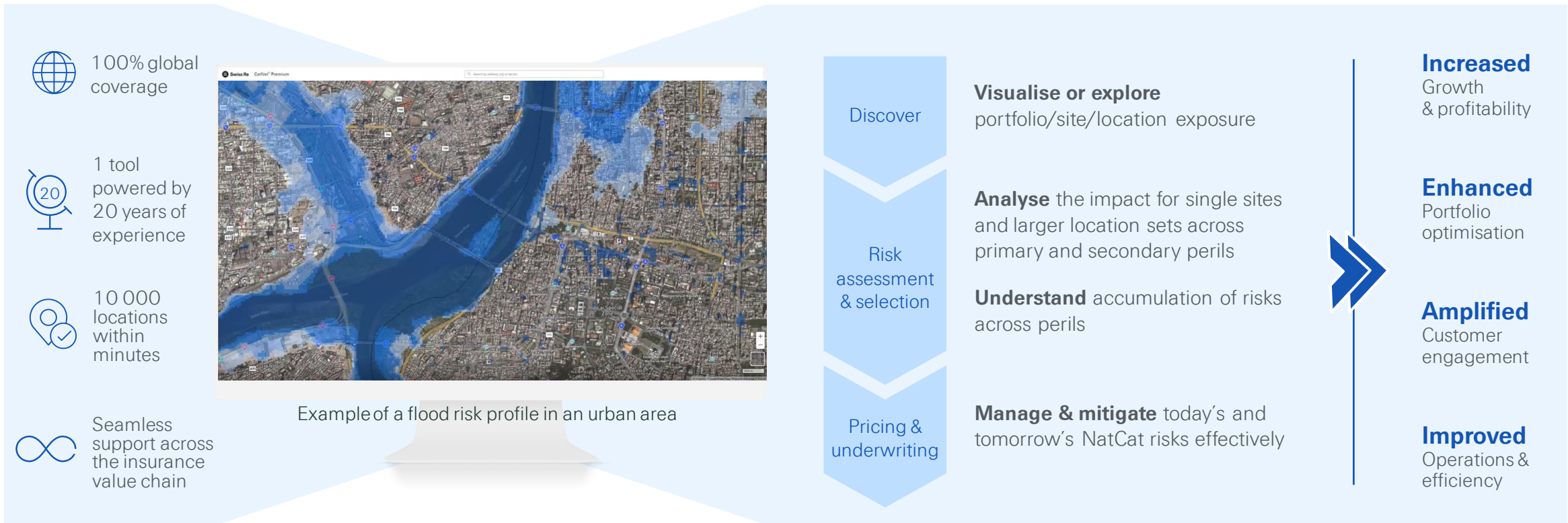
- Risk insights enable insurers to assess and price risk adequately – critical to understand how evolving perils shape risk landscape
- Research, solutions and tools form the basis – enhanced with new technology, data and analytics capabilities
- Building on our significant investments in technology and intellectual property we help insurers grow and improve profitability

Risk insights help us understand and ensure insurability of continuously changing natural catastrophe risk



We invest considerable resources to develop deeper knowledge.

Example CatNet[®]: data for risk mitigation help predict, prepare and respond to natural catastrophes

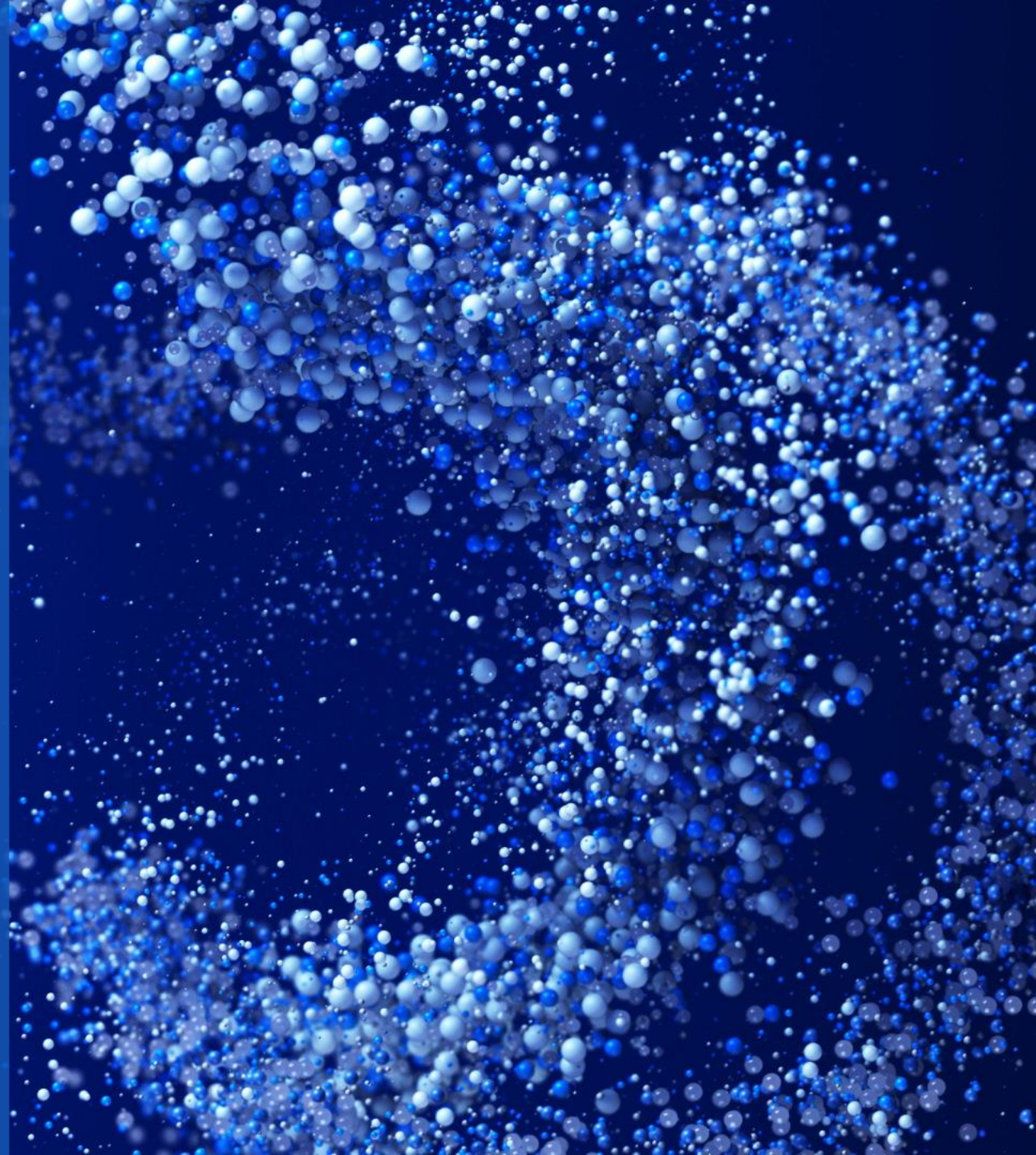


CatNet[®] in Numbers for 2023 **117** client-based countries **1200** insurance companies **248k** logins **23m** hazard look-ups **16k** active users

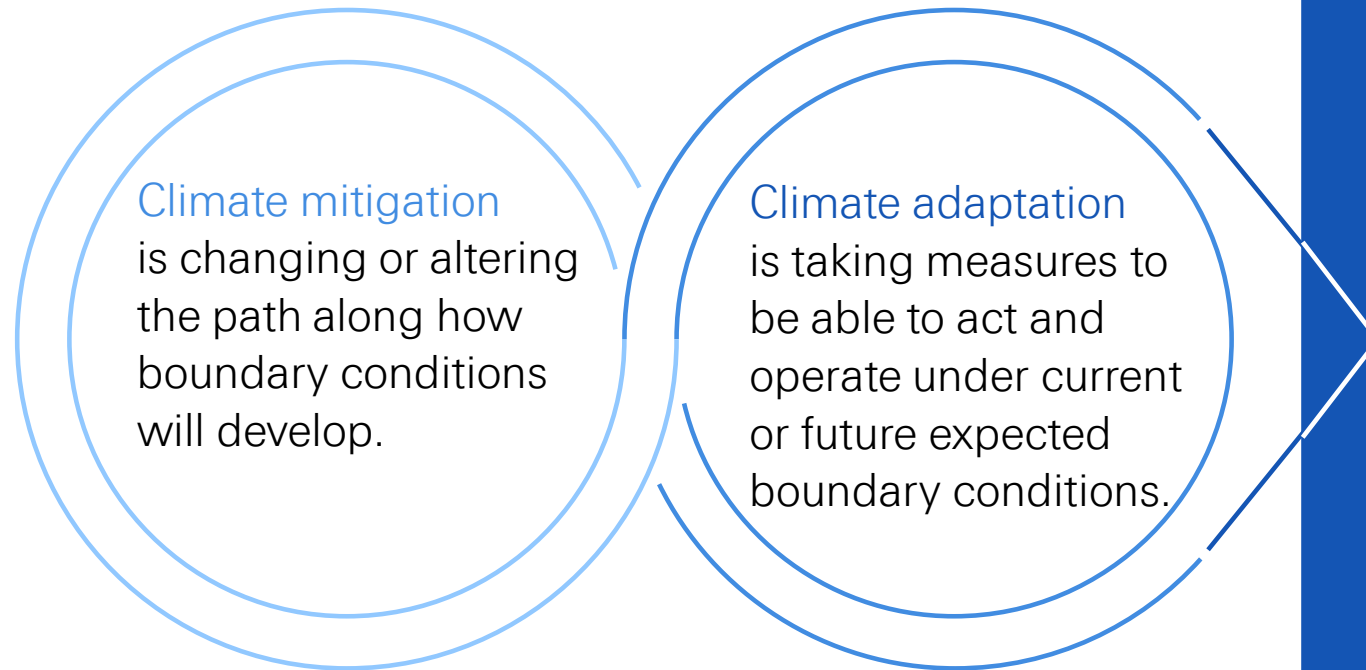
How can public-private partnerships help society adapt to climate change?



Ivo Menzinger
Head Europe, Middle East & Africa,
Public Sector Solutions



Climate mitigation and climate adaptation: we need both



Reducing emissions is essential to counter hazard intensification. However, we must also invest in adaptation to withstand the changes in climate that are already locked in.

Public-private partnerships play a key role in funding and enabling climate adaptation

Enabling environment

- Governments incentivise adaptation investment
- Public-private partnerships setting common objectives and allocating responsibilities for system-level responsiveness
- Promoting an open re/insurance market to support capacity, competitive prices and innovation

Infrastructure investments

- Investment in resilient infrastructure, nature-based solutions and social programs to support adaptation
- Project de-risking via insurance improves availability and affordability of funding



Preparedness and responsiveness

- Early warning systems
- Data collection and dissemination, risk and economic modelling
- Pre-arranged financing
- Insurance can help assess risk, reduce vulnerability and transfer financial risk

Land-use regulations and building codes

- Climate and biodiversity scenarios inform land-use planning, building codes reduce vulnerability
- Insurability of climate risks is ultimately dependent on preventative action

Managing risk for resilience: insurance industry capabilities in action

Flood Re – Build Back Better, United Kingdom

Property level resilience



Enables householders to install up to GBP 10 000 of flood resilience measures as part of the work to repair their home after a flood.

DRIVE project, Horn of Africa

Agriculture value chain



Enabling pastoralists to adapt to the changing climate, improving their financial inclusion and access to markets.

Queensland, Australia

Land use



Municipalities using Swiss Re insights to understand future risk and inform planning and initiative prioritisation.

Q&A

Please raise your hand
to ask a question.

Thank you for your attention.

Contact us if you have any
further questions.

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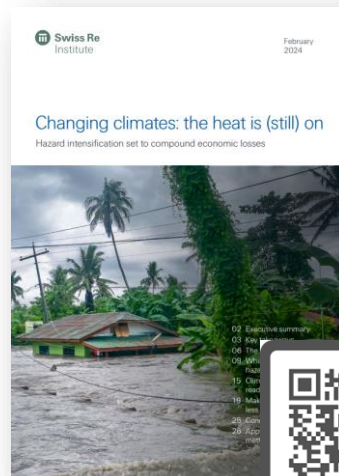
Sigma publications

- Market information for managers and specialist in the (re)insurance industry



Expertise Publications

- Expert analysis of specific risk topics in regional markets and the global (re)insurance industry



Economic Insights

- Key findings on macro developments and market events, and their implications for the (re)insurance industry



Economic Outlook

- Monthly newsletters on global economic and financial market risk landscape



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