



Cost of floods has more than doubled in the last 10 years and now rivals earthquake losses says new Swiss Re publication

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- **Swiss Re flood publication finds that insured flood losses have increased from USD 1–2 billion in 1970 to USD 15 billion in 2011**
- **Industry facing challenges in maintaining insurability for floods**
- **Global manufacturing hubs revealed as potential hot spots for flood losses**
- **Swiss Re launches flood app with interactive content on flood risks**

Zurich, 6 September 2012 – Flood losses are increasing at an alarming rate while the insurability of floods provides unique challenges for the industry, according Swiss Re's latest report, *Flood – an underestimated risk: Inspect, inform, insure*. Coinciding with the release of the publication is the release of a flood app, which packages Swiss Re's flood expertise into an entertaining and interactive medium for iPads.

No other natural catastrophe impacts as many people as flooding with an estimated 500 million people affected every year. Insured flood losses are also increasing significantly; 1970's annual claims were between USD 1–2 billion, whereas insured flood losses amounted to USD 15 billion in 2011. Recent flood events in Thailand, Australia and the Philippines have shown that floods are now rivalling earthquakes and hurricanes in terms of economic losses.

However, awareness of flood risks and their impact is still relatively low. Swiss Re's publication *Flood – an underestimated risk* aims to close this knowledge gap.

Matthias Weber, Swiss Re Group Chief Underwriting Officer, says: "With this publication we want to raise greater awareness of floods, their risks and the role of insurance in addressing them. We show what it takes to tackle the challenges in flood insurance and what successful solutions might look like for homeowners and companies."

Flood insurability is difficult but possible

Population growth, demographic change, a higher concentration of assets in exposed areas, greater vulnerability of insured objects and climate change are all contributing to the increasing costs of flood damage. The rising costs of floods are creating challenges for the



insurance industry and the economic viability of flood insurance is currently an issue under scrutiny.

Jens Mehlhorn, Head of Flood at Swiss Re and the report's key author, says: "2011's USD 12 billion insured losses in Thailand really highlighted the potential for flood to cause extreme losses. The insured losses corresponded to 1800% of the country's total annual property premium – and this emphasises the difficulties the industry faces in creating an economically viable approach to flood insurance."

At the centre of the flood report is an investigation into ways of building adequate insurance populations to share the risk of flooding and how insurers can play a role in advising on risk-minimisation strategies such as flood-walls and urban planning. The report also investigates national programmes which are currently meeting the challenge of providing flood coverage.

Hot spots

One of the most important lessons learnt from Thailand's flooding was the identification of 'hot spots' – or clusters of globally relevant industries in flood prone regions. These areas can cause extreme losses because claims are not only incurred locally, but through interruptions to supply-chains and decreased manufacturing productivity internationally.

The identification of these hot spots was enabled by Swiss Re's Global Flood Zones[®] model, which provides very high resolution flood maps for the entire globe.

Jens Mehlhorn says: "The existence of such hot spots has increased the emphasis on risk modelling and underwriting tools. It is crucial to get the information necessary to know where risk clusters have developed and how significant a flood event would be in those areas. The Global Flood Zones[®] tool is a very significant step forward for the industry."

Swiss launches flood app

Swiss Re is also launching a flood app for iPads, which is available in the App Store. The app provides an interactive approach to presenting Swiss Re's expertise to a broader audience. It provides rich interactive content around the issue of flood risks and flood insurability. It also offers an interactive tool to examine the hot spot risk of 50 major metropolitan areas around the globe.

Matthias Weber says: "Knowledge-driven companies like Swiss Re need to embrace new channels for communicating their expertise. The flood app allows us to reach out to a broad audience in an entertaining and interactive way."



Notes to Editors

For more information on *Flood – an underestimated risk: Inspect, inform, insure* and/or access to experts and managers related to this release, please contact Swiss Re media relations: media_relations@swissre.com or +41(0)43 285 7171.

Flood – an under informed risk: Inspect, inform, insure is available from Swiss Re's website. The Flood App is available from iTunes App Store.

Swiss Re

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