



Sigma – preliminary estimates for 2011:
natural catastrophes and man-made disasters caused economic losses of USD 350 billion and cost insurers USD 108 billion

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- **2011 will be the year with the highest catastrophe-related economic losses in history, at USD 350 billion**
- **2011 would have been the costliest year ever for the insurance industry if Japan had been more fully insured**

Zurich, 15 December 2011 – According to preliminary estimates from Swiss Re's *sigma* team, total insured losses for the global insurance industry from natural catastrophes and man-made disasters reached USD 108 billion in 2011. This is more than double the figure of USD 48 billion in 2010. Claims from natural catastrophes alone reached USD 103 billion in 2011, compared to only USD 43 billion last year.

Year of highest ever economic losses

In 2011, total economic losses to society (both insured and uninsured) due to disasters reached an estimated USD 350 billion, compared to USD 226 billion in 2010. The earthquake in Japan accounts for most of this year's economic losses. More than 30 000 people lost their lives due to catastrophes in the first eleven months of the year, most of them in Japan.

Kurt Karl, Swiss Re's Chief Economist, says: "2011 is going down as another year of very tragic and costly earthquakes. Unfortunately earthquake insurance coverage is still quite low, even in some industrialised countries with high seismic risk, like Japan. So on top of people losing their loved ones, societies are faced with enormous financial losses that have to be borne by either corporations, relief organisations or governments and, ultimately, taxpayers."

Record insured losses, had Japan been more fully insured

With approximately USD 108 billion in insured catastrophe losses, 2011 ranks as nearly the most expensive year for the insurance industry according to *sigma* records, second only to 2005 (USD 123 billion). Moderate hurricane losses have kept costs lower than in 2005, the year when hurricanes Katrina, Wilma and Rita alone caused claims of over USD 100 billion.

If Japan had been as well insured as other countries with high seismic risk, such as New Zealand, the overall industry tally would have been much higher.



Even so, in terms of catastrophe claims, 2011 ranks as the second costliest year in history for the insurance industry. Additional claims from the ongoing massive floods in Thailand or from winter storms which may yet hit Europe have the potential to bring figures for the full year even closer to the record claims of USD 123 billion experienced in 2005.

In addition to the earthquakes in Japan and New Zealand, severe flooding in Thailand and Australia triggered above USD 10 billion in insurance claims. Two massive tornado events in the United States caused nearly USD 14 billion in claims and the loss of more than 400 lives. Hurricane Irene cost the industry nearly USD 5 billion in property damage.

Table 1: The most costly insured catastrophe losses in 2011

	Insured losses (1) (in USDbn)	Date (start)	Event	Country
1	35	11.03.2011	Earthquake Mw 9.0, triggers tsunami	Japan
2	12	22.02.2011	Earthquake Mw 6.3	NZ
3	8 to 11	27.07.2011	Floods	Thailand
4	7.3	22.04.2011	Severe storms, tornadoes	US (Alabama et al)
5	6.7	20.05.2011	Severe storms, tornadoes	US (Missouri et al)
6	4.9	22.08.2011	Hurricane Irene	US et al
7	2.3	09.01.2011	Floods	Australia
8	2	03.04.2011	Storms	US
9	1.5	08.04.2011	Storms	US
10	1.4	14.04.2011	Storms	US

(1) Property and business interruption, excluding liability and life insurance losses
US natural catastrophe figures with the permission of Property Claims Services (PCS)

A year of major earthquakes

At more than USD 47 billion, earthquake-insured claims for 2011 are the highest ever recorded. Japan’s earthquake was the largest known – in terms of magnitude – to have ever hit the country, costing the insurance industry an estimated USD 35 billion. However, the insured losses were only a fraction of the total losses. Estimated to be at least USD 210 billion, the total economic losses are likely to be much higher once damage to nuclear facilities and disruption to worldwide supply chains are included. By way of comparison, the earthquake which hit New Zealand in February caused economic losses of USD 15 billion. However, thanks to high earthquake insurance penetration rates, particularly in residential properties, the insurance industry will pay most of the losses.



Notes to editors:

Definitions and selection criteria for <i>sigma</i> catastrophe statistics:	
Natural catastrophes	Loss events triggered by natural forces
Man-made disasters	Loss events associated with human activities
Insured catastrophe losses	Losses caused by the catastrophes covered by property insurance
Total economic losses	Also include the uninsured part of the property losses related to the catastrophes
Minimum selection criteria:	
Total losses	USD 89.2m
Or: Insured property claims	Shipping: USD 17.9m Aviation: USD 35.9m Other: USD 44.6m
Or: Casualties	Dead or missing: 20 Injured: 50 Homeless: 2 000

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The comprehensive *sigma* study "Natural and man-made catastrophes in 2011" will be published in Spring 2012. Electronic copies and printed copies will be available at that time. If you wish to pre-order a printed copy, please call or send your full postal address to:

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