

Storms, hail and ice cause billion-dollar losses in 1998

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In 1998 total losses amounting to USD 65.5 billion were reported worldwide due to natural and man-made disasters; 17.5 billion of this was insured. More than 44,700 people died in the loss events. In addition to detailed lists of the 1998 loss events, the latest *sigma* study contains long-term comparisons of claim trends based on almost 30 years of statistics recording natural and man-made disasters. A chapter on hurricane activity in the North Atlantic confirms forecasts for stormy years; according to forecasts for 1999, a continued high frequency of storms is expected.

Insured losses resulting from major disasters in 1998 amounted to USD 17.5 billion; corresponding to more than two-and-a-half times the 1997 figure.* Of this, USD 14 billion was attributable to natural disasters and 3.5 billion to man-made disasters. Altogether, the 1998 insured losses were again at the level of the record years 1989/1996, amounting to almost twice the average for the years 1970/1998.

The main reason for the high insurance burden was the occurrence of three billion-dollar losses, the most costly event by far being hurricane Georges with losses of USD 3.5 billion in the USA and the Caribbean. In second place came the hailstorm in Minnesota in mid-May; the extent of the losses caused USD 1.3 billion only coming to light at the end of 1998. Third place was taken by the ice disaster in Canada and the USA with losses of USD 1.2 billion, and which resulted in week-long power failures in Quebec and Ontario. Of the man-made losses, a good USD 1.5 billion were due to major fires and explosions, whilst those resulting from numerous satellite losses breached the USD 1 billion mark.

Large number of victims and total losses

Altogether 44,700 people were killed in the 342 events recorded in *sigma*. Almost 35,000 of them fell victim to natural disasters: Hurricane Mitch alone claimed over 9,000 lives in Central America. The enormous Yangtze floods in China claimed over 3,500 victims, and two earthquakes in Afghanistan, 6,300. Finally, a tidal wave in Papua New Guinea swept over 2,300 people to their deaths. Registered total losses arising from disasters amounted to USD 65.5 billion in 1998, over twice the figure for the preceding year.

Forecasts of stormy years confirmed

The forecasts of an extended period of intense hurricane activity in the North Atlantic appear to be proving correct following the 1998 hurricane season, which involved many losses. The most recent predictions suggest continued intense hurricane activity, which in combination with the increased concentration of assets in coastal regions may lead to even more billion-dollar losses. According to forecasts for 1999, 14 tropical storms are expected, of which nine are likely to reach hurricane force.

In addition, the *sigma* study comprises analyses of the development of global catastrophic events, detailed lists of all the 1998 events recorded and tables on the costliest and worst disasters in terms of fatalities since 1970.

*All losses at 1998 prices; in the case of natural disasters, *sigma* only records insured losses of at least USD 32.3 million.

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sigma No. 1/99 is currently available in German and English; translations in French, Italian, Spanish, Chinese and Japanese will follow shortly.

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