



sigma preliminary estimates for 2012: insurers to pay for close to half of the USD 140 billion in economic losses caused by natural catastrophes and man-made disasters

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- **Economic losses from natural catastrophes and man-made disasters will likely reach at least USD 140 billion in 2012**
- **Weather events, primarily in the US, will dominate insured losses this year**
- **The re/insurance industry will cover approximately USD 65 billion of all losses, significantly contributing to post-disaster relief**

Zurich, 19 December 2012 – According to Swiss Re *sigma* preliminary estimates, total insured losses from natural catastrophes and man-made disasters will reach approximately USD 65 billion in 2012. Natural catastrophes alone will lead to over 11 000 lives lost and roughly USD 60 billion in insured claims.

After a benign first half of the year, Hurricane Sandy and drought in the US in the second half of 2012 will lead to total economic losses from disasters of at least USD 140 billion. Insured losses arising from the catastrophic events of the year are set to reach roughly USD 65 billion. The tally is moderate compared to 2011, which saw historic insured losses of over USD 120 billion due to record earthquakes and flooding, but is above the average of the last 10 years.

Kurt Karl, Swiss Re's Chief Economist, says: "Severe weather events continue to affect many parts of the world. Although insurance cannot bring back lost lives, many people and businesses can rely on financial relief from insurance cover, as is the case for the US. However, in large parts of the globe that are prone to severe weather events, people and businesses could increase risk-preparedness by eliminating underinsurance."

Weather-related events in the US dominate 2012

After two years of historic losses arising from record earthquakes and floods in Asia Pacific and South America, 2012 is dominated by large, weather-related losses in the US. Moreover, the top five insured loss events are all in the US. Hurricane Sandy is the largest Atlantic hurricane on record in terms of wind span. This record storm surge caused widespread flooding and damage to a densely populated area on the East Coast of the US. It also led to the worst power outage



caused by a natural catastrophe in the history of the US. Before hitting the US, Hurricane Sandy also struck the Caribbean and the Bahamas, adding to the loss of lives and property. Estimates for the insured cost of the devastation are between USD 20 and 25 billion, which is relatively high despite the fact that the Hurricane was weaker in comparison to others. Part of the reason for the high cost is the combination of moon tides and interference with concomitant weather patterns that amplified the impact. However, the total insured loss tally is subject to a high degree of uncertainty, as it is still too soon to gauge the final overall damage.

In addition, extremely dry weather conditions and limited snowfall in the US led to one of the worst droughts in recent decades, affecting more than half of the country. Drought-related agricultural losses are likely to reach approximately USD 11 billion, including pay-outs from federal assistance programs.

Table 1: The most costly insured catastrophe losses in 2012

	Insured losses¹ (in USDbn)	Date	Event	Country	
1	20 to 25	Oct/Nov	Hurricane Sandy	US (et al)	[2]
2	11	Jul/Sep	Drought	US	[2]
3	2.5	March	Severe storms, tornadoes	US	[3]
4	2.3	April	Severe storms, tornadoes	US	[3]
5	2	July	Derecho storm	US	[3]

[1] Property and business interruption, excluding liability and life insurance losses

[2] Swiss Re estimates

[3] With the permission of Property Claims Services (PCS)



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 90.9 million
Or: Insured property claims	Shipping: USD 18.3 million Aviation: USD 36.6 million Other: USD 45.8 million
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 2012" will be published in Spring 2013. If you wish to pre-order a printed copy, please send your order, complete with your full postal address, to: sigma@swissre.com

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