

News release

Preliminary *sigma* estimates for first-half 2016: natural catastrophes drive global insured losses to USD 31 billion

- Total economic losses from disaster events in H1 2016 rise by 38% to USD 71 billion, primarily due to natural catastrophes
- Insured losses from both natural and man-made catastrophes rise by 51% to USD 31 billion in H1 2016
- Earthquakes in Japan, thunderstorms in the US and Europe, and wildfires in Canada cause largest insured losses
- As many as 6 000 lives lost in disaster events in H1 2016, compared to 12 000 in the same period of the previous year

Zurich, 18 August 2016 – Preliminary *sigma* estimates show total economic losses from natural catastrophes and man-made disasters reached USD 71 billion in the first half of 2016. The global insurance industry covered a total of USD 31 billion, or 44%, of the total losses. Thunderstorms in the US and Europe were the costliest events for the insurance sector in the first half. Around 6 000 people lost their lives in natural catastrophes and man-made events in the first six months of the year, compared to 12 000 in the first half of 2015.

Of the total economic losses in the first half of the year, natural catastrophes made up USD 68 billion (compared with USD 46 billion in H1 2015), while the remaining USD 3 billion came from man-made disasters. Total global insured losses from natural catastrophes rose to USD 28 billion, driven by large losses from different perils, from thunderstorms to wildfires, across all regions. This is slightly above the annual average first-half loss of the previous 10 years. Insured losses from man-made disasters fell to USD 3 billion from USD 5 billion in the first half of 2015.

Thunderstorms in the US generate highest insured losses

Three separate severe weather events in the US, including large hail, caused combined insured losses of over USD 7 billion. The most intense of these was a major convective storm in Texas in April 2016, resulting in insured losses of USD 3.1 billion, as large hailstones caused widespread property damage.

Europe was also subject to severe weather events. In late May and early June, the two slow-moving low-pressure systems Elvira and Friederike caused thunderstorms, flash floods, and river flooding, with France and Germany being worst hit. The total insured losses from these storms and floods were USD 2.8 billion.

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Two major earthquakes strike on same day

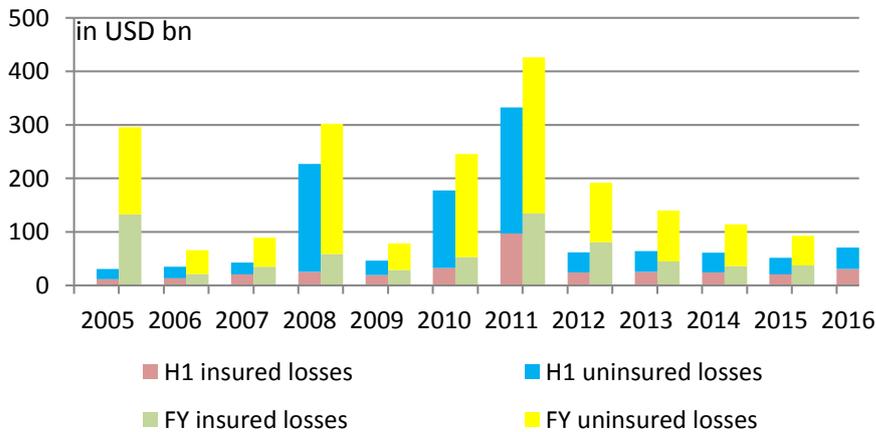
A series of earthquakes struck the Kumamoto prefecture in Japan, including a 7.0-magnitude quake that struck during the early hours of 16 April 2016. The quakes resulted in extensive structural damage, fires, and collapsed buildings. Insured losses from the series of shocks amounted to USD 5.6 billion. There were 64 fatalities.

On the same day on the other side of the world, a 7.3-magnitude earthquake hit Ecuador. The worst-hit area was Manabí Province on the coast, where bridges and buildings collapsed. In total 668 people died in the earthquake, making it the deadliest single event in the first half of the year. Given the low insurance penetration, insured losses came to just USD 400 million.

Wildfires in Canada were another cause of large insurance losses in the first half of 2016. Dry conditions and strong winds led to the rapid spread of wildfires in Alberta, Canada. The town of Fort McMurray was evacuated, where many homes were completely destroyed. The area is the heart of Canada's oil sands production, and the overall insured losses totalled to USD 2.5 billion, making this one of the costliest wildfire events in insurance industry history.

The global insured loss total for the first half may be subject to revision. Any revision as well as the ongoing hurricane season in the North Atlantic could generate higher losses in the remainder of the year.

Figure 1: Natural catastrophe and man-made related insurance losses (USD billion)



Note: H1 = first half; FY = full year
Source: Swiss Re Economic Research & Consulting and Cat Perils.

Table 1: Total economic and insured losses in first-half 2016 and 2015

| | H1 2016 | H1 2015 | Annual change | 10-year average |
|------------------------|------------|------------|------------------|--------------------|
| Economic losses | 71 | 52 | 38% | 110 |
| Nat cat | 68 | 46 | 48% | 102 |
| Man-made | 3 | 6 | -48% | 8 |
| Insured losses | 31 | 21 | 51% | 30 |
| Nat cat | 28 | 16 | 75% | 26 |
| Man-made | 3 | 5 | -34% | 4 |

Source: Swiss Re Economic Research & Consulting and Cat Perils.

Table 2: The most costly insurance natural catastrophe losses in first-half 2016 (USD billion)

| Month | Insured losses ¹ | Total economic losses | Event | Country |
|----------|-----------------------------|-----------------------|--|---------|
| April | 5.6 | 22 to 48 | Earthquakes ² | Japan |
| April | 3.1 | 3.5 | Thunderstorms, hailstorm ³ | US |
| May/June | 2.8 | 4.0 | Storms and floods in Europe ² | Europe |
| April | 2.7 | 3.5 | Thunderstorms ³ | US |
| May | 2.5 | 3.6 | Wildfires ² | Canada |
| March | 1.5 | 2.0 | Thunderstorms, large hail ³ | US |

Note: (1) Property and business interruption, excluding liability and life insurance losses.

Source: (2) Swiss Re preliminary estimates; (3) US natural catastrophe figures with the permission of Property Claims Services.

Notes to editors

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