



Preliminary Swiss Re *sigma* estimates of catastrophe losses in 2005: High casualty count and record insured losses of USD 80 billion

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Zurich, 20 December 2005 – According to preliminary estimates, more than 112 000 people died worldwide in natural and man-made catastrophes in 2005. These catastrophes triggered total financial losses of around USD 225 billion, an estimated USD 80 billion of which were insured. This made 2005 the costliest year ever for insurers.

87 000 die in Pakistan earthquake

Earthquakes claimed over 90 000 lives in 2005. On 8 October, an earthquake of 7.6 on the moment magnitude scale shook the district of Muzaffarabad in northern Pakistan. Collapsing buildings and the cold weather that followed caused over 87 000 deaths in Pakistan and neighbouring parts of India. On 28 March, an earthquake of magnitude 8.7 – probably an after-shock of the 26 December 2004 seaquake – shook northern Sumatra, causing over 2 600 fatalities. On 22 February, Iran, too, was hit by an earthquake of magnitude 6.4 which claimed over 600 lives. The high death toll from these events is due to the high seismicity, but also to poor building standards in the regions affected.

Storms and floods added to the casualty count: in February, mudslides following heavy rainfall in Pakistan swept more than 2 000 people to their deaths. More than 1 600 people perished when Hurricane Stan ripped through Central America early in October; Hurricane Katrina claimed 1 200 lives in the US in late August. And in July, floods in India drowned 1 150 people. Over 90% of the 112 000 catastrophe victims worldwide lost their lives in Asia.

Total losses amount to USD 225 billion

Natural and man-made catastrophes in 2005 accounted for USD 225 billion in direct financial losses to buildings, infrastructure and vehicles. Katrina caused widespread flooding and storm devastation whose total economic loss is estimated by Swiss Re's preliminary *sigma* statistics to be USD 135 billion, followed by Rita and Wilma, which each added a further USD 15 billion. Damage from the mighty earthquake in Pakistan was in the range of USD 5 billion, whereas in December no figure could yet be put on the damage wreaked by the huge fire in an oil depot near London. Of the total losses worldwide, a third was covered by insurance.

Insured losses add up to USD 80 billion

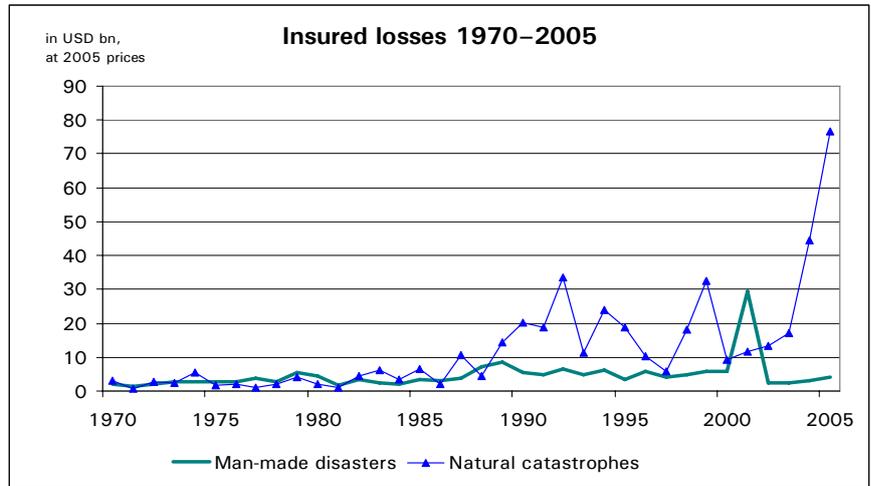
At USD 80 billion, insured property losses were higher than ever before. Almost 90% of this sum was due to storm and storm-related flood damage: Hurricane Katrina alone is expected to cost insurers USD 45 billion. Before 2005, Hurricane Andrew (1992) had been the most expensive catastrophe ever, costing USD 22 billion, followed by the terrorist attack of 11 September 2001 with just under USD 21 billion (at 2005 prices).

Losses of USD 70 billion, or about 88% of all insured catastrophe losses in 2005, were recorded in the US. In the Gulf of Mexico, hurricane damage to oil platforms and drilling rigs triggered high insurance claims. A further USD 6 billion, or 8% of insured losses, stemmed from Europe: Heavy rains in Switzerland, Germany and Austria caused flooding and landslides in August, with insured property and business interruption losses amounting to USD 1.9 billion. And winter storm Erwin in January cost USD 1.5 billion, mainly in Denmark, Sweden and the UK.

The full scale of the catastrophes in 2005 has not yet been fully assessed, but the trend towards very high losses appears to be continuing. This is due at least in part to increasing population densities, higher concentrations of insured values, and construction activity expanding into areas with a high natural-perils exposure. The ongoing warm phase that has been measurable since the 1990s and the recent high hurricane frequency inspire little hope of this trend being reversed anytime soon.

The worst catastrophes in terms of victims in 2005

<i>Victims (dead & missing)</i>	<i>Date (beginning)</i>	<i>Event</i>	<i>Country</i>
87 000	08.10.2005	Earthquake (M _w 7.6); aftershocks, landslides	Pakistan, India, Afghanistan
2 600	28.03.2005	Earthquake (M _w 8.7); several aftershocks	Indonesia
2 030	09.02.2005	Rain, mudslides, ava- lanches: three dams burst	Pakistan
1 600	02.10.2005	Hurricane Stan; heavy rain, floods and landslides	Mexico, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica
1 193	24.08.2005	Hurricane Katrina; dams burst, floods, damage to oil rigs	US, Gulf of Mexico, Bahamas
1 150	09.07.2005	Floods and landslides, namely in Mumbai	India



The most costly insured losses in 2005

<i>Insured losses (in USD bn)</i>	<i>Victims (dead & missing)</i>	<i>Date (beginning)</i>	<i>Event</i>	<i>Country/region</i>
45	1 193	24.08.2005	Hurricane Katrina; dams burst, floods, damage to oil rigs	US, Gulf of Mexico, Bahamas
10	34	20.09.2005	Hurricane Rita; floods, damage to oil rigs	US, Gulf of Mexico, Cuba
8	20	16.10.2005	Hurricane Wilma; torrential rain, floods	US, Mexico, Jamaica, Haiti, Cuba
2	61	06.07.2005	Hurricane Dennis	US, Caribbean, Cuba, Haiti et al
1.9	43	19.08.2005	Floods and landslides caused by heavy rain	Switzerland, Germany, Austria et al
1.5	17	08.01.2005	Winter storm Erwin	Denmark, Sweden, UK, Norway, Germany et al

Definitions and selection criteria for *sigma* catastrophe statistics:

Natural catastrophes	Loss events triggered by natural forces
Man-made disasters	Loss events associated with human activities
Total losses	Losses with a direct economic impact
Insured property loss	Part of total loss covered by property insurance
Minimum selection criteria:	
Total loss	USD 78 million
Or: Insured property loss	Shipping: USD 16 million Aviation: USD 34 million Other: USD 38 million
Or: Casualties	Dead or missing: 20 Injured: 50 Homeless: 2 000

Notes to editors

Swiss Re

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The comprehensive *sigma* study "Natural and man-made catastrophes 2005" will be published in spring 2006. You can already order your copy, remembering to include your full postal address, from:

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