



New Swiss Re *sigma* study: 2008 one of the worst years for catastrophe losses

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Zurich, 17 March 2009 – 2008 was one of the worst years for catastrophe losses. More than 240 500 people lost their lives. Insurers across the sector paid out USD 52.5bn to compensate for property claims, and the total impact on the economy caused by natural and man-made catastrophes around the world added up to USD 269bn.

2008 was exceptional in terms of fatalities and losses. Statistics confirm a trend towards an increase in the number and costs of natural catastrophes and man-made disasters.

According to Swiss Re's latest *sigma* study, "Natural catastrophes and man-made disasters in 2008", 137 natural catastrophes and 174 man-made disasters occurred in 2008. Asia suffered the most in terms of the number of lives lost, while the US was worst hit in regard to insured property losses. Europe was less impacted with only minor losses compared to last year.

Natural catastrophes cost property insurers more than USD 44.7bn ...

High catastrophe claims in the US were driven by Hurricanes Ike and Gustav as well as thunderstorms during the first half of 2008. Europe's losses, down from last year, represented slightly more than a tenth of the world total in 2008, largely due to lower storm and flood damages. In early 2008, China suffered losses amounting to more than USD 1.3bn, driven by an unusually cold winter with record amounts of ice and snow.

... and more than USD 7.8bn for man-made catastrophes.

Major man-made disasters caused losses of USD 7.8bn in 2008, with large-scale industrial fires, explosions and losses in the energy sector at the top of the list. Man-made catastrophes resulted in 5 600 deaths in 2008; shipping and boating accidents as well as bombings and social unrest caused the most casualties.

Losses in Asia extremely high, likely to spur need for insurance.

In 2008, the total damages to the economy amounted to USD 269bn worldwide. Almost half this amount can be attributed to the earthquake that struck China in May, which caused costs to the economy of USD 124bn. This corresponds to approximately 3% of China's GDP.

Many governments in Asia face significant financial risks when catastrophes occur. Given the rapid development of income and wealth in Asia, the financial exposures will swiftly rise. This is likely to increase the focus on prevention and ex-post disaster management. It will also give rise to the development of insurance as a tool to cope with the financial consequences of catastrophes. It is expected therefore, that in Asia, insurance will play a more important role in the future than it does today.

Nevertheless, such development needs time. Given the high percentage of people with low incomes in this part of the world, public private partnerships are critical to the development of effective and accessible insurance solutions. Global and regional insurers and reinsurers also play an essential part in the further establishment of insurance in Asia, on the one hand by sharing their knowledge and expertise, and on the other by helping to absorb the rising risks in these markets.

Table 1: The most costly insured losses in 2008

Ranking	Insured losses (in USD m)	Date (start)	Event	Country
1	20 000	06.09.2008	Hurricane Ike, winds up to 195 km/h; floods	US, Caribbean
2	4 000	26.08.2008	Hurricane Gustav, winds up to 240 km/h; floods	US, Caribbean
3	1 325	22.05.2008	Tornadoes, rainfall, hail	US
4	1 321	29.02.2008	Winter storm Emma	Germany, Austria, Czech Rep. et al
5	1 300	10.01.2008	Snow storms, freezing rain	China
6	1 100	29.05.2008	Thunderstorms, winds, hail	US

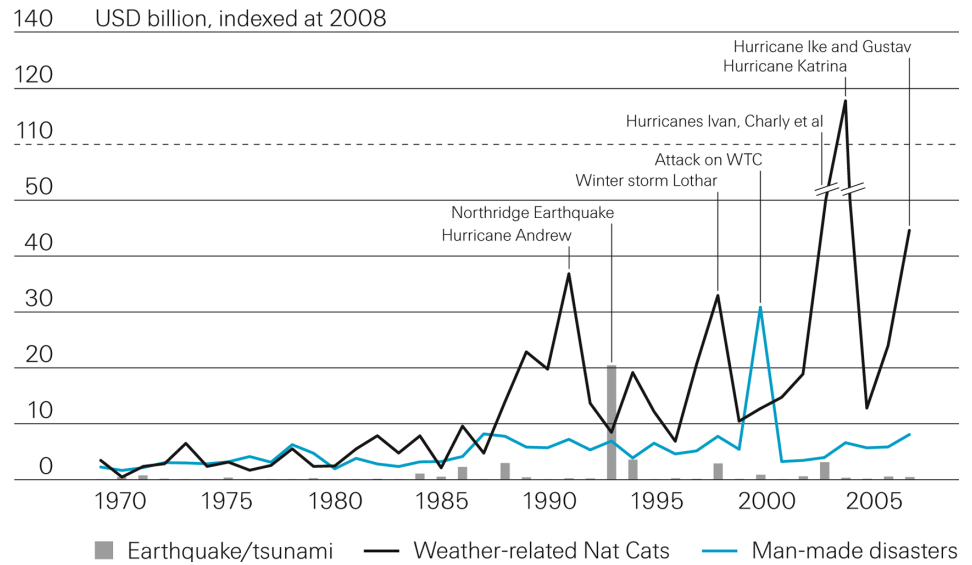
Source: Swiss Re

Table 2: Catastrophes with the most fatalities in 2008

Ranking	Victims (dead and missing)	Date (start)	Event	Country
1	138 373	02.05.2008	Tropical cyclone Nargis, winds up to 200 km/h	Myanmar (Burma)
2	87 449	12.05.2008	Earthquake (M _w 7.9); aftershocks	China
3	1 413	19.06.2008	Typhoon Fengshen/No 6, winds up to 140 km/h	Philippines, China
4	1 300	05.01.2008	Heavy snowfall, cold wave	Afghanistan
5	950	10.06.2008	Floods caused by monsoon rain	India

Source: Swiss Re

**Figure 1: Insured losses 1970-2008
(Property and business interruption losses)**



Source: Swiss Re, *sigma* No 2/2009

Table 3: Definitions and Selection criteria

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
Total losses	Losses with a direct economic impact
Insured property claims	Part of total loss covered by property insurance
Minimum selection criteria:	
Total losses	USD 85.4m
Or: Insured property claims	Maritime disasters: USD 17.2m Aviation: USD 34.4m Other losses: USD 42.7m
Or: Casualties	Dead or missing: 20 Injured: 50 Homeless: 2 000

Source: Swiss Re, *sigma* No 2/2009

Notes for editors

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The English, German, French, Italian and Spanish versions of the *sigma* study No 2/2009, "Natural catastrophes and man-made disasters in 2008: North America and Asia suffer heavy losses" are available electronically on Swiss Re's website: www.swissre.com/sigma. The versions in Chinese and Japanese will appear in the near future.

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