

## Press release

# Beyond broken infrastructure – Swiss Re explores cascading effects of natural disasters and other key emerging risks

- **The 2024 edition of Swiss Re's SONAR report features 16 emerging risks and their potential impacts on the insurance sector and society**
- **Key risks include the cascading effects of natural disasters, the weakening resilience of supply chains and the repercussions of persistent underfunding of healthcare systems**
- **Compounding effects of natural catastrophes on critical infrastructure and supply chains generate loss accumulation**
- **Decreasing resilience of supply chains leads to more business interruptions, risking economic slowdown**
- **Underfunding of public health can lead to higher morbidity and mortality rates, particularly in case of a future pandemic, which could also result in lower economic growth**

**Zurich, 12 June 2024 – The world is facing multiple interconnected crises which bring about ever-more complex risks, finds Swiss Re's 12th SONAR emerging risk report. It explores critical topics of the future to foster better understanding of new or changing risks, their interactions and dependencies.**

Patrick Raaflaub, Swiss Re Group Chief Risk Officer, said: "We live in a world characterised by interconnected crises, which in turn can give rise to new risks. For re/insurers, it is key to anticipate trends and understand how major global issues such as climate change, economic uncertainty or geopolitical turmoil could impact not only the industry but also society as a whole."

Weather-related natural catastrophes are increasing in frequency and severity. While floods, wildfires and storms can lead to property damage and loss of life, the cascading effects of such events pose additional risks. Wildfires can impact the water infrastructure by contaminating water sources or cutting access to it. Floods and storms can likewise damage energy grids and disrupt transport networks, bringing production lines to a standstill due to lack of power, leading to lost production time, materials

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spoilage and delays to deliveries. If critical infrastructure and supply chains are affected, the accumulation of damage can be significant.

While the security of supply chains was a priority for companies following the large-scale disruptions caused by the COVID-19 pandemic, the focus has shifted back to immediate cost savings. The cost pressure has grown, but so too have the risks to supply chains – as exemplified by the Red Sea crisis. Due to the more volatile geopolitical landscape, increasing frequencies of extreme weather events, economic uncertainty, and heightened cyber and technology risks, key supply routes around the globe are likely to become less secure. Given the current situation and the negative outlook on these risk drivers, supply chain resilience should be at the top of companies' agendas. If risks accumulate or coincide with an already stressed supply chain, the economic fallout could be significant.

Climate change and supply chain issues also affect the healthcare infrastructure, exacerbated by consistent underfunding of healthcare systems. Essential services such as water, sanitation and electricity supplies may be compromised under more extreme climate scenarios that cause a higher risk of frequent flooding and other disruptive events. Weakened health services increase risks for societies, with delayed or inadequate care contributing to higher morbidity and mortality, and thus also impact economies through increased health-related absenteeism and understaffing. Underfunding of healthcare systems and the impacts thereof are a concern across low-, middle- and high-income countries.

#### **How to order this SONAR report:**

The English version of the 2024 SONAR report is available [here](#).

Swiss Re SONAR 2024: New emerging risk insights – Swiss Re is hosting a special hybrid event on 17 June, 14:30 CEST, featuring Swiss Re Group Chief Risk Officer Patrick Raaflaub to mark the release of the SONAR 2024 report on new emerging risk insights.

You can register [here](#).

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The Swiss Re Group is one of the world's leading providers of reinsurance, insurance and other forms of insurance-based risk transfer, working to make the world more resilient. It anticipates and manages risk – from natural catastrophes to climate change, from ageing populations to cyber crime. The aim of the Swiss Re Group is to enable society to thrive and progress, creating new opportunities and solutions for its clients. Headquartered in Zurich, Switzerland, where it was founded in 1863, the Swiss Re Group operates through a network of around 80 offices globally.