Swiss Re Institute

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First-half 2026 insured natural catastrophe losses: below trend, rising risks

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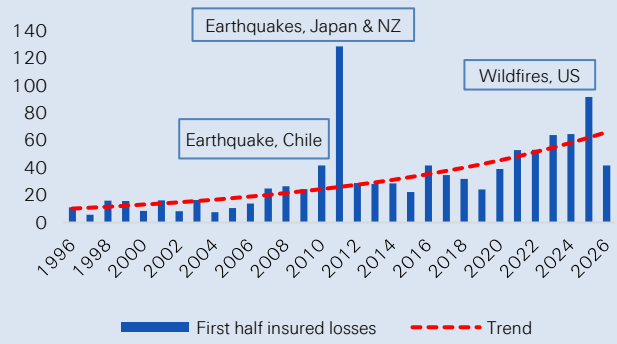
Global insured losses from natural catastrophes reached an estimated USD 42 billion in the first half of 2026, well below the long-term trend. Severe convective storm losses remained moderate despite elevated activity and no major peak-loss event occurred. Insurance covered an estimated 42% of total economic losses, well above the long-term average. The Venezuelan earthquake sequence caused the most economic damage, but the low insurance penetration means the share of insured losses is likely to be low. As the world's fastest-warming continent, Europe now experiences 64% more hot days than in the 1950s. This year's record-breaking heat and dry conditions appear to have contributed to an earlier start to the wildfire seasons in parts of Europe. Although a strengthening El Niño may temper North Atlantic hurricane activity in the second half of the year, the risk of a costly major event remains. The long-term upward trend in insured losses is intact, driven by growing exposure, rising asset values, and changing hazard patterns.

Below trend first-half catastrophe insured losses

Swiss Re Institute's preliminary estimates put global insured natural catastrophe losses at USD 42 billion in the first half of 2026. The total was the lowest first-half outcome since 2020 and below the trend estimate of USD 66 billion. Severe convective storms (SCS), mainly in the US, were the main driver of losses, followed by winter storms in the US and Europe.

Figure 1: Global insured losses from natural catastrophes in 1H (USD bn, 2026 prices)



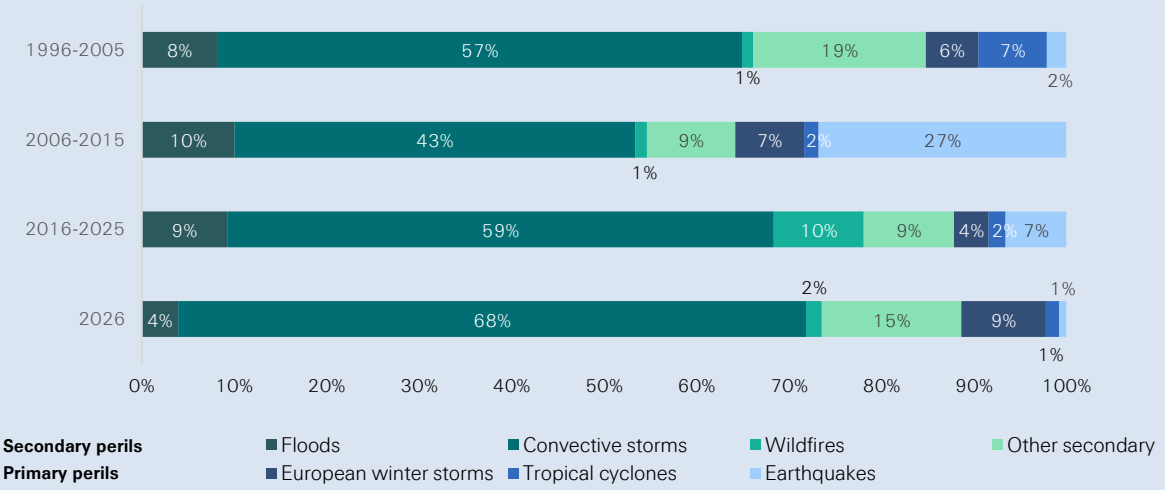
Source: Swiss Re Institute

Insurance covered about 42% of the USD 100 billion in economic losses from natural catastrophes in the first half of 2026. This was above the 30-year average of 33%, as much of the damage occurred in the US and other highly insured markets. Losses were also concentrated in perils that are widely covered under personal property insurance (SCS and winter storms).

The most destructive natural catastrophe of the first half of 2026 was the Venezuela earthquake sequence of 24 June. More than 5 000 people lost their lives, while damage to buildings and infrastructure is estimated at around USD 20 billion,[1] making it the costliest event of the year in terms of economic losses, and Latin America's costliest natural catastrophe since the 2010 Chile earthquake (USD 46 billion, inflation adjusted). No reliable estimate of insured losses is currently available. However, given Venezuela's low insurance penetration, insured losses will likely represent only a small share, underscoring the region's persistent protection gap.

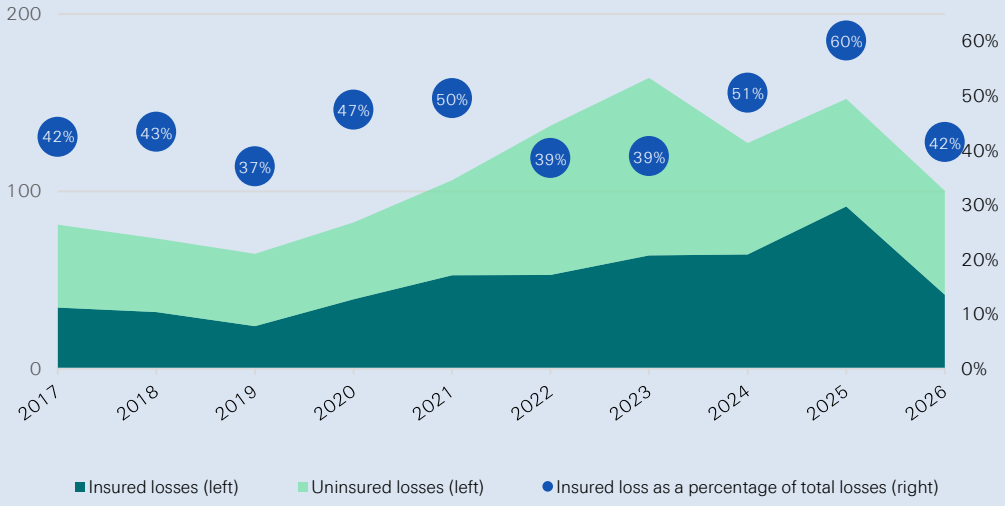
The earthquake sequence, the country's strongest since 1900, consisted of a Mw7.2 foreshock followed less than a minute later by a Mw7.5 mainshock. Such earthquake doublets are rare but can amplify damage.[2] Buildings weakened by the first shock were subjected to a second episode of intense ground shaking before emergency response began. The most severe damage occurred across the Caracas metropolitan area and adjacent coastal communities, particularly in La Guaira, where nearly 17% of the state's capital stock was damaged or destroyed.[3] Significant damage was reported in Miranda, Aragua and Carabobo.

Figure 2: Global insured losses from natural catastrophes by peril, in 1H (2026 and decadal averages, %)



Source: Swiss Re Institute

Figure 3: Global annual insured and uninsured losses from natural catastrophes in 1H (USD bn, 2026 prices)



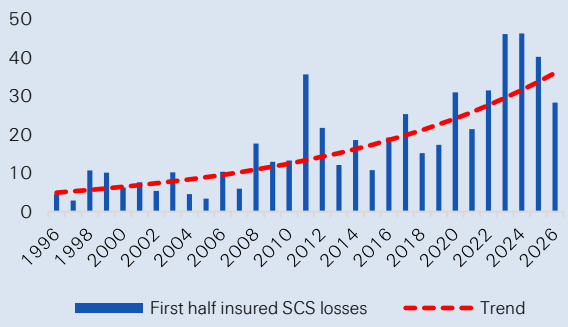
Source: Swiss Re Institute

Severe convective storm losses were below trend despite elevated storm activity

Severe convective storms, which include thunderstorms, hail, tornado outbreaks and straight-line winds, were the leading insured-loss peril in the first half of 2026. They generated USD 28 billion in insured losses, the lowest since 2021 (USD 21 billion, inflation-adjusted). This was below the trend estimate of USD 36 billion and ended four consecutive years in which first-half losses exceeded USD 30 billion.

The relatively low insured losses were not a result of subdued storm activity – in fact, Preliminary Storm Prediction Center reports indicate that severe weather activity was 20% above the 2016–2025 average through 30 June,[4] reflecting elevated tornado and damaging wind activity, while hail reports were only slightly above average. The season was characterized by widespread outbreaks, but relatively few of the highest-impact events affected densely populated and highly insured areas in Texas, the Southern Plains and the Southeast, where severe weather typically generates the highest insured losses.

Figure 4: Global insured losses from SCS in 1H (USD bn, 2026 prices)



Source: Swiss Re Institute

June marks the end of the peak severe-thunderstorm season in US (the highest risk country). While about 73% of annual SCS insured losses occur in the first half of the year, significant severe weather can still occur during the second half. SCS are a high-frequency peril and insured losses are volatile from year to year, owing to event location and intensity, as well as value and vulnerability of exposed assets.

This year's quieter first half reflects the geography and timing of storms rather than any structural risk reduction. The long-term trend remains upward, driven by expanding exposure, rising asset values and changing vulnerability. Loss depends heavily on where storms strike, their intensity, the concentration and value of exposed assets. The July 2023 storms in Italy showed that large-scale SCS events are not confined to the US. This July's European outbreak is expected to generate significant insured losses.

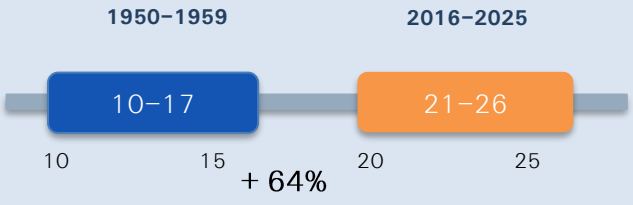
Record heat underscores Europe's chronic heat risk

Europe experienced record-breaking heat in the first half of 2026. While June 2026 was the second warmest globally, it was the hottest on record for western Europe.[5] Europe is the fastest warming continent, [6] with average surface temperatures during 2015–2024 around 2.2°C above the 1850–1900 baseline, compared with about 1.2°C globally.[7] Air conditioning is installed in only about 19–20% of European households, compared with 76% in North America and 37% globally.[8]

The consequences can be severe. According to preliminary estimates, the June heatwave led to more than 20 000 excess deaths,[9] making it the deadliest event of the year so far.[10] Average temperatures hit 3.05°C above the 1991–2020 average,[11] while daily maximum temperatures were around 8–12°C above the 1960–1990 average across parts of the region.[12] National all-time temperature records were broken in various parts of Europe.[13]

Europe now experiences around 21–26 hot days (30°C or above) each year on average (2016–2025), compared with 10–17 in the 1950s. This represents a 64% increase in the long-term decadal averages (see Figure 5). The share of Europe's land area experiencing at least one hot day per year has increased by 24% since the 1950s. Rising temperatures have far-reaching consequences that extend beyond heat-related mortality. They reduce agricultural productivity, strain water and energy systems, damage infrastructure, and lower labour productivity. Heat also acts as a multiplier of other natural hazards by creating conditions more conducive to droughts, wildfires, and, in some regions, flash flooding.

Figure 5: Days in Europe with daily maximum temperature ≥30°C



Note: The European Hot Days Index is derived from annual hot-day (≥30°C) counts, calculating an area-weighted mean across Europe based on the cosine of latitude, combined with a land-fraction weighting derived from the CMIP6 EC-Earth3-Veg land-fraction dataset. The percentage of European land area experiencing at least one hot day (≥30°C) is used to quantify the spatial extent of extreme heat.

Source: E-OBS v33.0e daily gridded observational dataset (0.25° resolution, 1950–2025; ECA&D/Copernicus Climate Change Service), elaboration from Swiss Re Institute

Wildfire risk rises as Europe heats up

Following above-average winter rainfall that boosted vegetation growth, the heatwave extended into the second half of the year and, together with persistent dry conditions, created favourable conditions for wildfire ignition and spread across western and southern Europe, when strong winds developed. In July, major fires affected areas including the Gironde department in southwest France and the Madrid region in Spain.[15]

The insurance tally will depend on whether fires reach settlements and areas with high-value residential or commercial exposure. Europe generally does not combine the extremely high hazard levels and high insured values seen in California. In many southern European countries, wildfire losses are excluded from national property-insurance pools, such as the Cat Nat in France and Consorcio de Compensación de Seguros (CCS) in Spain. As a result, the protection gap for wildfires is relatively higher and large insured wildfire losses remain relatively uncommon. However, Europe's extensive wildland–urban interface zones mean that a severe fire near densely populated areas could still generate substantial economic losses.

Although Europe's wildfire risk is still considered moderate, the increase in fire activity warrants closer attention. As heat in Europe increases, wildfire-conducive conditions are likely to become more frequent. The long-term challenge will be building resilience to a warmer and more fire-prone environment, much as Europe has progressively strengthened its management of acute risks, such as floods. Stronger prevention, land management, building resilience and emergency response will be key to preventing larger wildfire losses.

Heat brought Europe's fire season forward

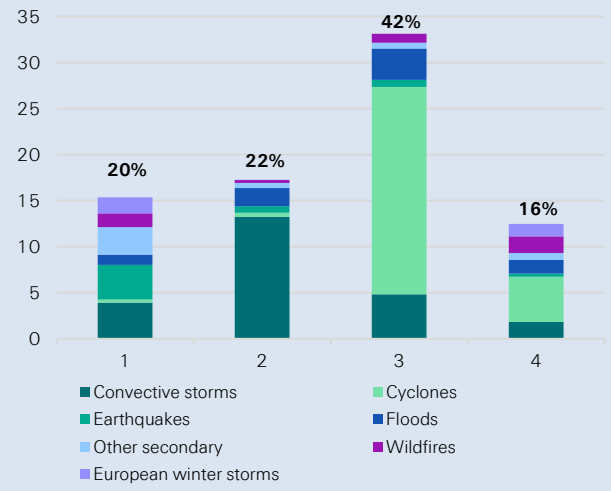
In 2026, an unusually warm and dry spring and early summer, followed by another July heatwave, accelerated fuel drying and brought large-fire activity forward. Above-average winter precipitation had earlier supported vegetation growth, which later became dry fuel once heat and drought set in. According to the IPCC, rising temperatures are increasing the likelihood of such conditions across southwestern Europe and extending them into regions that were historically less exposed, with medium-to-high confidence. More erratic weather may also increase wildfire risk through lightning, stronger winds and rapid shifts between wet and dry conditions. Longer-term land-use changes can reinforce this effect: farm abandonment and depopulation have expanded forest cover and allowed dry vegetation to accumulate, increasing fuel loads and making landscapes more flammable.[14]

Second-half loss risk remains high despite weaker Atlantic outlook

A quiet first half is not necessarily indicative of below-average annual losses, as the first and second halves of the year are driven by different perils. First-half insured losses are typically dominated by US severe convective storms, while the second half is largely determined by the North Atlantic hurricane season, which peaks in early September. The outlook for the second half of 2026 is shaped by predictions of a strengthening El Niño,[16] which is expected to suppress tropical cyclone activity in the region for the remainder of the season.

North Atlantic tropical cyclones (TCNA) are the largest driver of insured natural catastrophe losses in the second half of the year, so any shift in Atlantic hurricane activity can materially affect annual results. In a long-term average, TCNA accounts for 38% of full-year weather-related insured losses and 35% of total natural catastrophe insured losses. Historically, second-half year insured losses have been higher but also more volatile than in the first. In the past 30 years, 58% of the total natural catastrophe insured losses originated in the second half on average (see Figure 6), mostly on account of costly TCNA activity in the third quarter (2004, 2005, 2008, 2017, 2022).

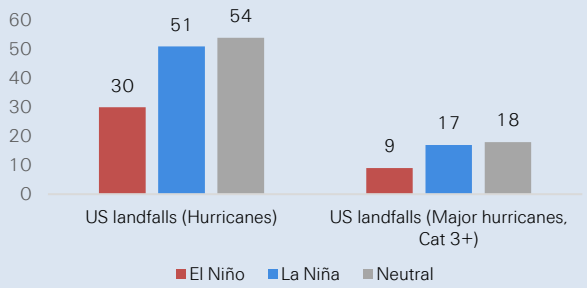
Figure 6: Average global insured losses from natural catastrophes per quarter and peril (USD billion, 2026 prices), and share of losses by quarter (%, 1996–2025)



Source: Swiss Re Institute

Seasonal outlooks, however, are inherently probabilistic. The North Atlantic has the highest interannual variability in terms of tropical cyclone activity among the major tropical cyclone basins. While El Niño typically reduces the probability of an active Atlantic hurricane season, it does not eliminate the possibility of US landfalls and major loss events – the tail risk. According to NOAA data, 22% of all the hurricanes making landfall in the US during the 1950–2025 period occurred under El Niño conditions (see Figure 7). Even during El Niño years, a major hurricane can still make landfall in a highly exposed area and generate outsized losses. Large loss years have occurred across all ENSO phases, including in 2004 during El Niño and in 1992, when Hurricane Andrew struck during an otherwise quiet, ENSO-neutral season.[17] For insurers and exposed communities, the key is not only how active a season is expected to be, but where storms form and land.

Figure 7: Number of US landfalls by ENSO phase (1950–2025)



Source: NOAA HURDAT2 Dataset

By altering atmospheric circulation patterns, El Niño can change rainfall patterns (eg, increasing the likelihood of drought in some regions and flooding in others) and influence tropical cyclone activity across multiple regions. Although a strengthening El Niño is expected to reduce the likelihood of an active North Atlantic hurricane season, it may influence tropical cyclone activity in the Central and East Pacific and alter the risk of floods, wildfires, and other weather extremes elsewhere. As a result, Atlantic hurricanes are only one component of second-half catastrophe risk, and significant losses can still arise from a broad range of natural perils. Wildfire seasons across North America and parts of Europe are still underway, and historically most wildfire losses occur in the second half of the year, when fuels are at their driest. The January 2025 Los Angeles wildfires were an unusual out-of-season event rather than representative of the typical seasonal pattern.

The structural drivers of catastrophe losses remain unchanged. Exposure continues to grow in hazard-prone areas, particularly along coastlines and in the wildland–urban interface, while reconstruction costs continue to rise faster than inflation. Observed and projected climate trends are associated with changes in hazard characteristics, including longer wildfire seasons, heavier precipitation in some regions and more frequent heat extremes. Swiss Re Institute estimates that these structural drivers could contribute to long-term insured loss growth of around 5–7% annually,[18] even though annual insured losses will continue to fluctuate significantly from one year to the next.

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