

## Winter storms in Europe

30 Dec 1999 CET Press Release

**Storm "Lothar" howled through Europe on 26 December, leaving a wake of destruction across France, Switzerland and southern Germany. It was closely followed by a second storm depression that hammered southern France. Extremely violent gusts wreaked massive damage upon numerous buildings and uprooted countless trees; these falling trees were largely responsible for the storm-related fatalities, and exacted an unusually high death toll for a European storm event.**

The insurance industry will book 1999 as a year of unusually high natural catastrophe losses. This was presaged by the catastrophe loss estimates in Swiss Re's *sigma* press release of 9 December 1999. Insured losses in excess of USD 1 billion were caused by each of the following: Hurricane Floyd in the US; Typhoon Bart in Japan; the May series of tornadoes in the US; the floods in Venezuela; and finally, the earthquakes in Turkey and in Taiwan. Though no reliable estimate of insured losses for the European storms of the last five days is possible at this early date, Swiss Re believes that they, too, will end up costing insurers several billion US dollars. Thus 1999 will go down as the year with the largest number of natural catastrophes of this magnitude. The insured losses from these events will be the second-highest for any year on record. According to current indications, 1999 will be topped only by 1992, a year marked by one extreme natural catastrophe: Hurricane Andrew in the US.

Judged by its intensity and the damage inflicted upon property and forests, "Lothar" seems to have clinched the title of Switzerland's "Storm of the Century". Taken over the entire region affected, however, the financial consequences come as no surprise to Swiss Re. Every two to three years on average, the company expects a billion-dollar storm event (measured in total insured losses) and this despite the fact that no event of this magnitude has occurred in Europe since the series of storms in 1990. The storms of the past few days were thus to be expected, and Swiss Re has provided for the financial consequences through its equalisation provision for major and catastrophe losses.

Swiss Re will vigorously support its clients in handling these losses. Below-average event frequencies over the past five years have strongly undermined reinsurance rates in the natural catastrophe lines. This year's loss experience gives reason to expect a price recovery for these covers.

Swiss Re is one of the world's leading reinsurers with over 70 offices in more than 30 countries. In the 1998 financial year, gross premium volume amounted to CHF 18 billion and the result after tax amounted to CHF 2.5 billion. During the first half year of 1999, Swiss Re achieved an excellent ordinary result of CHF 2.6 billion with gross premium volume rising to CHF 10.7 billion. Swiss Re is rated "Aaa" rating by Moody's and "AAA" by Standard & Poor's.

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