Media Dialogue 2026

Natural catastrophes in 2025: the persistent rise of wildfire and storm risk

Lessons learned from 2025

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Swiss Re

Losses driven by fires and storms in benign 2025 – loss growth trend persists

107
USD bn insured nat-cat losses in 2025
below trend

5–7%
long-term annual real growth trend
still intact despite benign 2025

49%
of losses covered by insurance in 2025
USD 220 bn economic losses

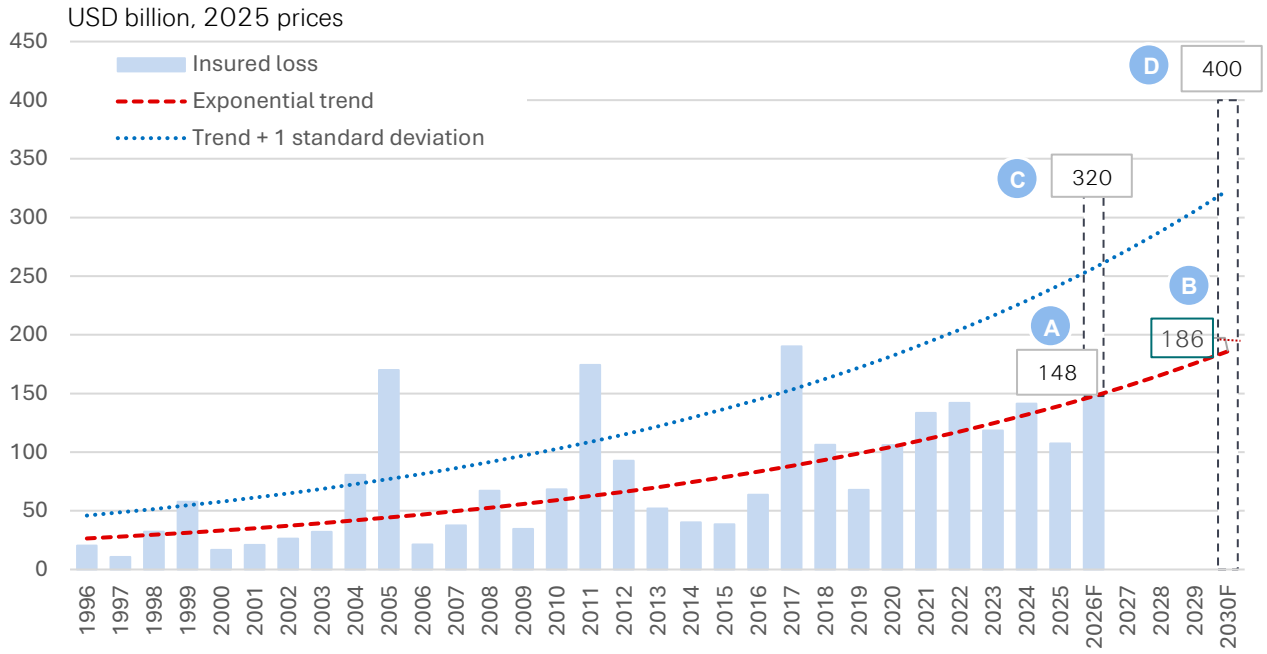
400
USD bn by 2030 in peak loss scenario
up from USD 320 bn in 2026

- **2025** was below trend due to **favourable volatility not lower risk*** as no major hurricane made landfall in the US
- **Peak loss scenarios** would still leave the **reinsurance sector well capitalised**
- **Our loss projection indicate peak loss year to increase from USD 320 bn this year to USD 400 bn in 2030** with exposure growth and inflation being key factors

Loss projections

Scenario	2026	2030
On trend	**148** A	**186** B
Peak loss year (1-in-10)	**320** C	**400** D

Growth in global natural catastrophe insured losses (USD bn, 2025 prices)



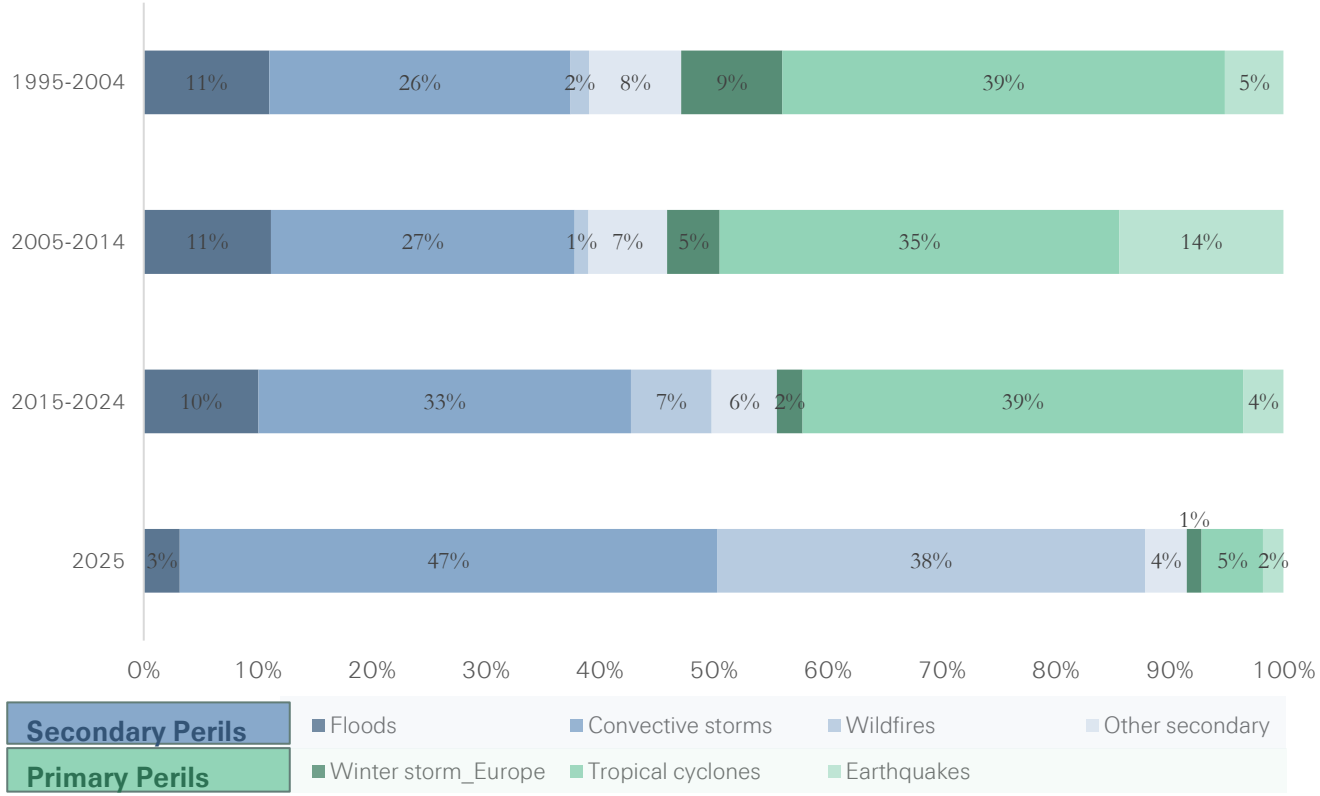
* Annual loss outcomes swing with weather variability, hazard dynamics and uneven exposure.

Source: Swiss Re Institute

Secondary perils dominating insured losses again in 2025 with trend likely to remain

- **Secondary perils drove 92%** of 2025 global insured losses
- **Wildfire loss record:** Los Angeles fires **USD 40bn insured**
- **Severe convective storm (SCS*)** losses **remained elevated:** USD 51bn in 2025, **3rd highest on record**
- **Wildfires** and **SCS are fastest growing perils together lifting the annual loss baseline:** secondary perils share of average annual losses > 65% by 2030 (30-year average: 53%)

Global insured losses from natural catastrophes by peril in 2025 and previous year averages, %



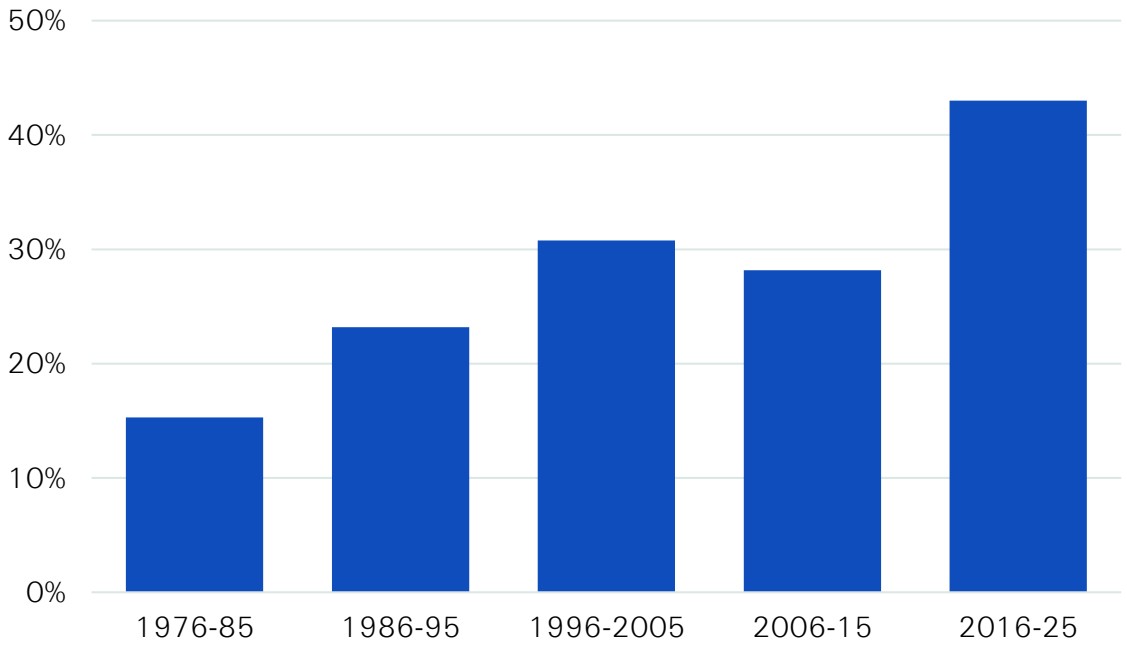
* Umbrella term for a range of hazards including tornadic and straight-line winds, and large hailstones.

Source: Swiss Re Institute

Protection gaps: decreased, but more is needed with insurance and adaptation combined strengthening resilience

- **Insurance coverage is rising**; **49% of USD 220bn global economic losses in 2025** and ~40% on average over the past decade (vs 23%, 30 years ago)
- **Yet protection gaps remain** as developing economies account for a growing share of global exposure growth
- **Adaptation is increasingly critical in a fast-evolving risk landscape** – driven by both natural hazard dynamics and a more fragmented geopolitical environment
  - The range of **benefit-cost ratios** for weather-based perils is **6 to 10:1***

Insured share of global natural catastrophe losses



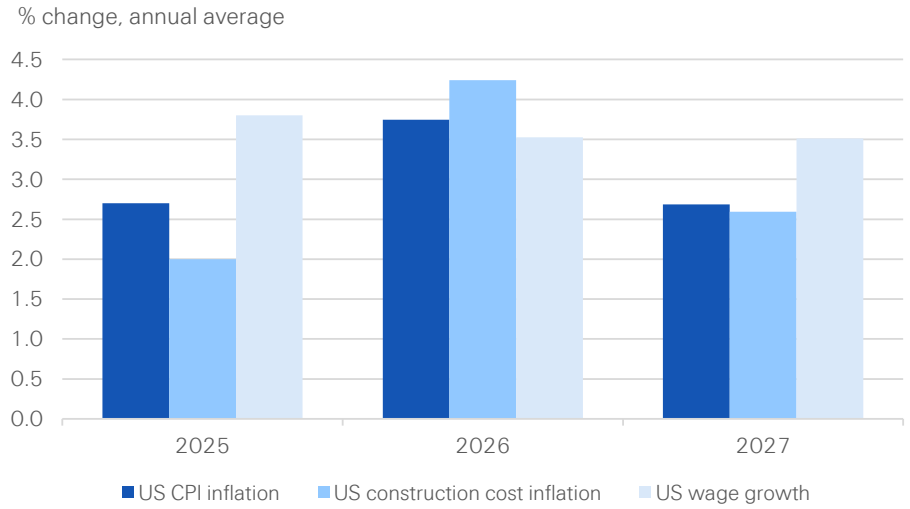
Source: Swiss Re Institute

* *sigma* 1/2024, Natural catastrophes in 2023: gearing up for today's and tomorrow's weather risks, Swiss Re Institute, 25 March 2024.

Higher economic inflation: increased loss sensitivity risks enhance benefits of adaptation

- Global growth is **structurally lower** than in the pre-pandemic period, while **rising exposure** and **event-driven economic inflation surges increase the likelihood of stagflation** and **greater macro volatility** amid rising geopolitical risks
- **Insurance losses are amplified through economic and price signals:** higher oil prices feed into consumer price inflation, raise **repair** and **construction costs**, increase **insured values** and materially lift **loss severity**
  - **A 1% higher CPI would translate roughly into USD 420bn insured losses in a peak loss year by 2030.** This reinforces the **importance of adaptation**

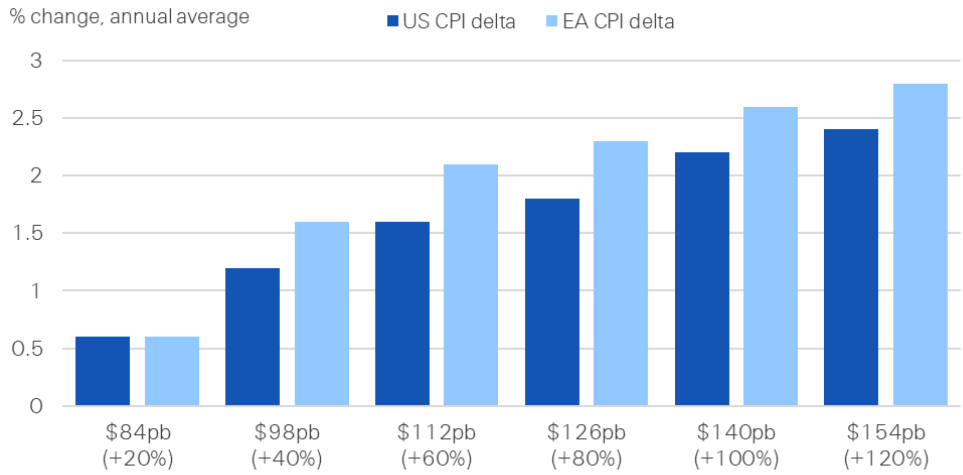
SRI US sectoral insurance inflation forecasts



Source: Swiss Re Institute

Note: SRI forecasts are probability weighted by specific oil price scenarios using brent crude oil price increases shown in chart on right hand side – a "Contained Disruption", where oil prices average USD 90 in 2026, a "Sustained Oil Shock", where oil prices average USD 100 in 2026, and a "Global Energy Crisis" where oil prices average USD 130 in 2026.

CPI impacts from various oil price scenarios (relative to central scenario)



Source: Swiss Re Institute

Note: Assumes oil price averages defined level throughout Q2 2026 before converging back to baseline by Q4 2027. USD 70 is roughly the 2025 average oil price. Estimates reflect first-order price shock and additional confidence shock once oil prices surpass USD 100 that amplify non-linear financial market impacts.

Post-GFC (2013-19) global inflation: 2.9%
Post-Covid (2024-31) global inflation: 3.2%

Post GFC (2013-19) US inflation: 1.8%
Post-Covid (2024-31) US inflation: 2.4%

Post GFC (2013-19) euro area inflation: 1.0%
Post-Covid (2024-31) euro area inflation: 2.1%

What drives losses from secondary perils?

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Head Catastrophe Perils

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Secondary perils: fastest growing source of insured losses in the past 55 years

Long-term insured loss trend confirmed:
5–7% annual growth rate

wildfire fastest-growing peril (~12% p.a.),
followed by SCS (~7%) and floods (~6%)

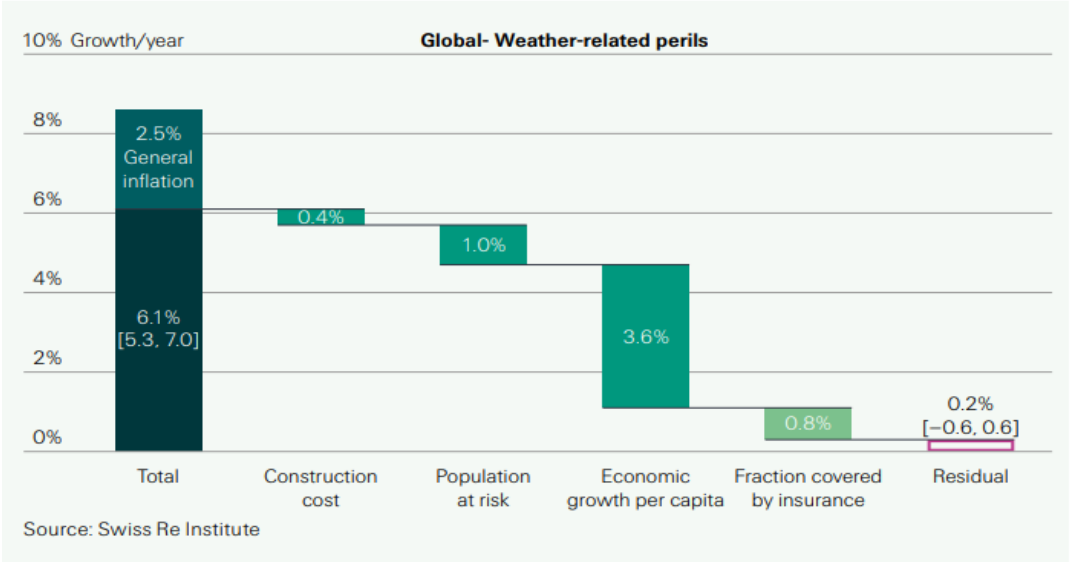
Pronounced regional and peril differences:

- Wildfire growth strongest in the **US** (~14%), elevated trends in Europe, Australia
- SCS show highest growth in **Europe** (~10%)
- Flood growth strongest in Asia, Oceania

Source: Swiss Re Institute

Global insured losses: 80% of loss growth in the past 55 years explained by exposure growth

- **Exposure, vulnerability** and **hazard,** together with **insurance penetration,** shape insured loss trends globally
- Most annual weather-related loss growth since 1970 attributable to **increased exposure** and **higher insurance penetration**
- **SCS largest contributor** to global insured loss growth since 1970
- **Additional drivers** at play by peril and region; North America ➡ largely exposure growth, Europe ➡ changes in vulnerability, storm intensity, hail severity



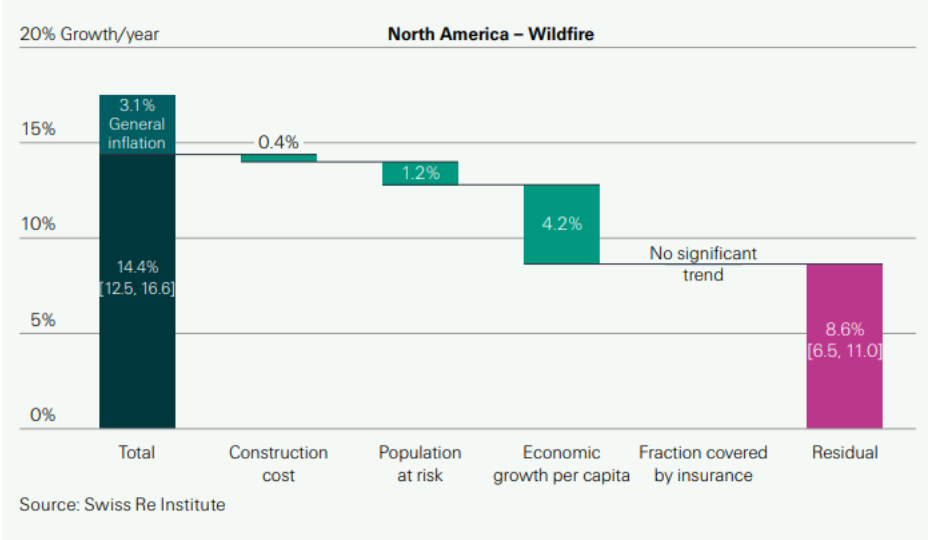
Source: Swiss Re Institute

	North America	Europe
Contribution of SCS to regional insured loss growth	33%	64%
Growth rate [p.a. in real terms]	7%	10%
Drivers	80% exposure growth Smaller contribution from changes in vulnerability and/or hazard	50% exposure growth Large contribution from changes in vulnerability and/or hazard

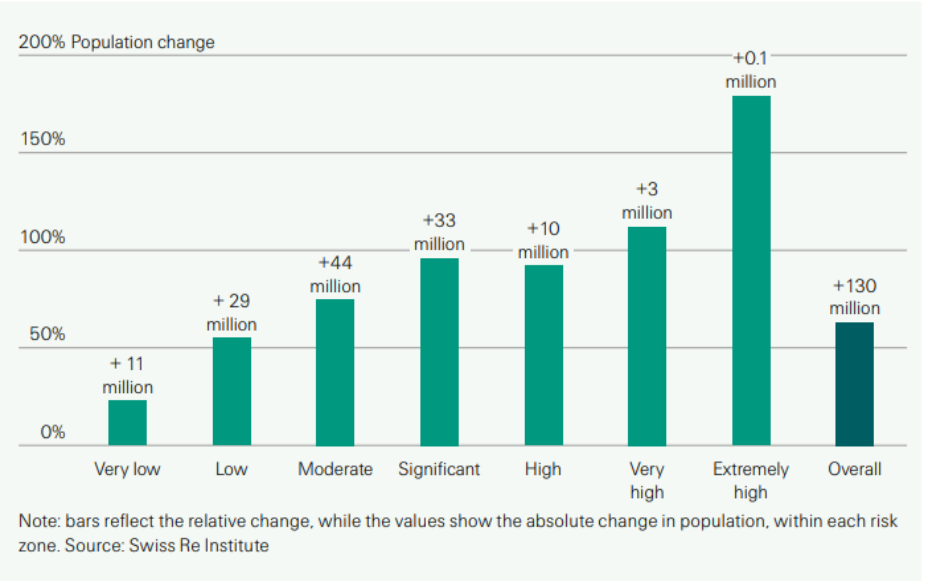
Source: Swiss Re Institute

Wildfire losses: exposure alone does not explain fast growth

- Wildfire insured losses have grown by **more than 14%** per year in North America, with 98% of those losses occurring in the US
- Exposure explains only about one third of growth; **~ 60% remains residual,** pointing to changes in underlying risk landscape
- Heat extremes and higher atmospheric vapour pressure deficits **intensify** fuel dryness and conditions conducive to wildfire
- Population growth in highest wildfire-risk zones **outpaced** overall US-population growth by roughly **three times** since 1975



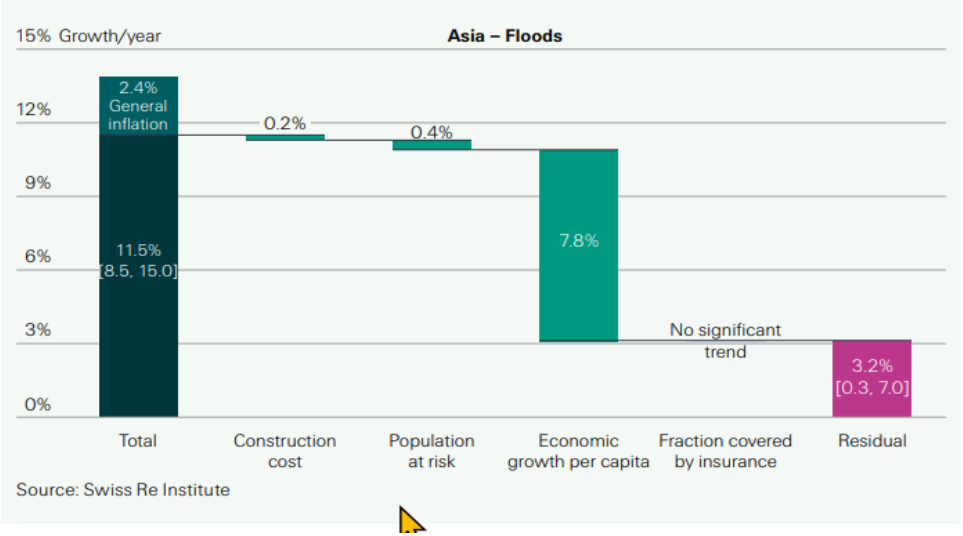
Source: Swiss Re Institute

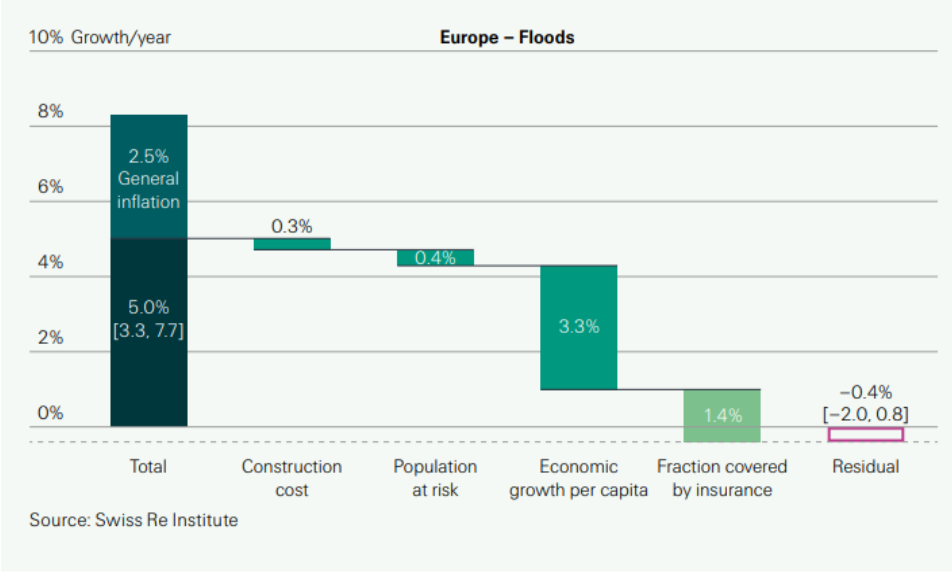


Note: bars reflect the relative change, while the values show the absolute change in population, within each risk zone. Source: Swiss Re Institute

Flood losses: large protection gaps in Asia versus efficient adaptation in Europe

- Floods contributed less to global insured loss growth due to **low insurance penetration** across many rapidly developing regions
- **Asia** contributes the largest growth in historical economic flood losses; **flood protection gap is estimated at around 83%**
- Economic growth explains most of the observed trend; **residual** ➡ hazard shifts/ changed land use/ rapid urbanisation
- **European** flood risk is one of the **most actively managed** natural hazards in Europe





Risk reduction: investment in adaptation and in modelling of secondary perils

Narrowing protection gaps

Effective risk reduction and adaptation are prerequisites for expanding insurance coverage. Together these measures are key to narrowing protection gaps, reducing losses and strengthening long-term societal **resilience**

Improving model accuracy

Sustained **investment** in secondary-peril modelling, improved **data quality** and frequent **model updates** essential in fast-evolving risk landscape

80–90%

of natural catastrophe losses are uninsured in developing countries, compared with

40–50%

in developed countries.

Any questions?

Thank you!

Contact us

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