

News release

Swiss Re Institute preliminary *sigma* estimates: catastrophes cause global economic losses of USD 36 billion in the first half of 2018

- Total global economic losses from disasters in H1 2018 were USD 36 billion, significantly down from USD 64 billion in H1 2017 and well below average
- Global insured losses from disasters were USD 20 billion in H1 2018, down from USD 30 billion in H1 2017
- Winter storm Friederike was the largest H1 2018 loss event with insured losses of USD 2.1 billion
- Disaster events claimed approximately 3 900 victims in H1 2018 - the lowest half-year total in over three decades

Zurich, 16 August 2018 – According to Swiss Re Institute's preliminary *sigma* estimates, global economic losses from natural catastrophes and man-made disasters in the first half of 2018 were USD 36 billion. This figure is well below the ten-year average of USD 125 billion in economic losses and significantly lower than the losses reported for the same period a year earlier. Of the total global economic losses in the first half of 2018, USD 20 billion were covered by insurance. A series of winter storms in Europe and in the US caused the largest losses in the first half of 2018. Globally, around 3 900 people lost their lives or went missing in disaster events during the first six months of 2018, compared to approximately 4 600 for the same period in 2017.

Of the USD 36 billion in total global economic losses, natural catastrophes accounted for the majority, or USD 34 billion in the first half of 2018, compared to USD 58 billion in H1 2017. The remaining USD 2 billion of losses were caused by man-made disasters. Global insured losses from natural catastrophes fell to USD 18 billion, from USD 25 billion the year before, while insured losses from man-made disasters decreased to USD 2 billion from USD 5 billion in the first half of 2017. Nearly 56% of all global economic losses were insured as most disastrous events occurred in areas with high insurance penetration.

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Harsh winter weather in Europe and the US cause H1 2018 losses

From a loss perspective, winter storm Friederike in Europe was the costliest event in the first half of 2018. The storm caused significant losses in Germany and the Netherlands, although France, Belgium and the UK were also impacted. Swiss Re Institute's *sigma* estimates the total economic losses at USD 2.7 billion. Approximately USD 2.1 billion of these losses were insured.

A series of winter storms in the US, including the "Nor'easter" storm in March, brought heavy snow, ice, freezing rains, and flooding from snowmelt and coastal flooding to large parts of the US, causing total economic losses of USD 4 billion, including USD 2.9 billion in insured losses. The March Nor'easter storm was the largest loss for the insurance industry in the US during the first six months of 2018, with claims of USD 1.6 billion.

Other events during the first half of 2018

A series of convective storms, including thunderstorms, tornadoes and hailstorms hit the US, Europe, and other parts of the world. The costliest event for the insurance industry was a four day spring storm that affected the south eastern states of the US with tornadoes and large hail, resulting in combined insured losses of over USD 1.1 billion.

In addition, major volcanic eruptions in Hawaii and Guatemala, and earthquakes in Japan, Taiwan, and Papua New Guinea have caused damage and not yet fully determined insured losses.

Higher losses may still lie ahead for 2018

Already in the first half of 2018, several parts of the world have been in the grip of heatwaves and severe dry weather conditions, triggering major wildfire outbreaks in California and Greece, and causing widespread drought across Europe and southern Australia. Numerous regions are exposed to above average temperatures and drier weather conditions. Southern Australia, for example, is experiencing its second-driest autumn on record according to the Australian Bureau of Meteorology. Losses from droughts in the agriculture sector and from wildfires are yet to be determined.

Martin Bertogg, Head of Catastrophe Perils at Swiss Re, says, "We expect to see more extreme weather conditions such as intense heatwaves and dry spells of the like we've seen over the last few weeks. This may well become the new normal. According to scientific climate models, temperature, and atmospheric humidity will increase in many parts of the world, and at the same time also become more volatile." Bertogg adds, "We will experience more variable rain patterns and severe droughts and in consequence raging wildfires. Accelerating urbanisation and the ongoing expansion of dwellings in natural forest areas will considerably exacerbate this loss potential. Society will need to adapt and prepare for these increasing occurrences."

Table 1: Total economic and insured losses in H1 2018 and H1 2017

USD billion	2018	2017	annual change	Previous 10-y average
Economic losses	36	64	-44%	125
Nat cat	34	58	-42%	117
Man-made	2	6	-62%	8
Insured losses	20	30	-33%	35
Nat cat	18	25	-28%	30
Man-made	2	5	-58%	5

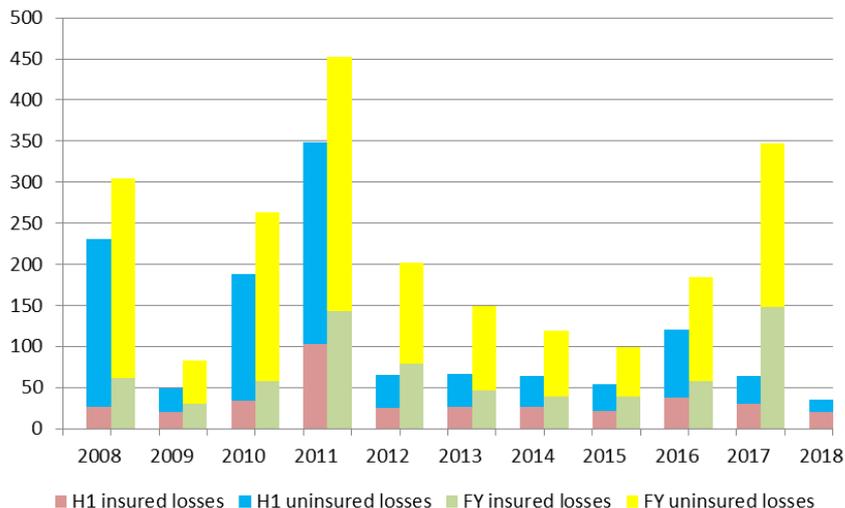
Source: Swiss Re Institute

Table 2: The most costly insured natural catastrophe losses in H1 2018
 (in USD billion)

Month	Insured losses ¹	Economic losses	Event	Country
Jan	2.1	2.7	Winter storm Friederike ²	Germany, Netherlands et al.
March	1.6	2.2	Winter storm (nor'easter) ³	US (Northeast)
March	1.1	1.4	Thunderstorms, tornadoes, hail ³	US (Southeast)
April	1.1	1.4	Thunderstorms, freezing rains ³	US, Canada
May	1.0	1.4	Thunderstorms, tornadoes, hail ³	US (Central and Eastern)
June	1.0	1.4	Thunderstorms, hail ³	US (Colorado)

Note: ¹Property and business interruption, excluding liability and life insurance losses

Source: ²Swiss Re Institute estimate based on Perils AG; ³US natural catastrophe figures with the permission of Property Claims Services

Figure 1: Catastrophe-related losses in USD billion (2008 – 2018)


Source: Swiss Re Institute

The [sigma explorer web app](#) has been enriched further. Go to [sigma-explorer.com](#) to view, download and share [natural catastrophe data projected onto world maps](#).

Notes to editors

This year marks the 50th anniversary of *sigma*, Swiss Re's flagship and the insurance industry's leading research publication. Please visit the *sigma* 50 years section on the Swiss Re Institute website to find out more about the evolution of *sigma*, and the breadth and depth of the overall research offering from the Swiss Re Institute: institute.swissre.com/sigma50years

Swiss Re

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. It is organised into three Business Units, each with a distinct strategy and set of objectives contributing to the Group's overall mission.

Accessing data by *sigma*:

The data from the study can be accessed and visualised at www.sigma-explorer.com. This mobile enable web-application allows users to create charts, share them via social media and export them as standard graphic files.

