

## Swiss Re sigma study: 2002 below average year for catastrophe losses, according to preliminary estimates

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19 000 people world wide were killed by natural and man-made catastrophes in 2002, according to a preliminary estimate from Swiss Re's *sigma* report. Beyond the human cost, financial losses from major events are estimated at USD 40 billion, of which the insurance industry is liable for around USD 12 billion. After the extraordinary losses of 2001, financial losses resulting from catastrophes returned to more average levels in 2002. However, as the European floods show, large losses remain a real threat.

More than 300 major events in 2002 caused estimated economic losses of USD 40 billion, well below the average of USD 68 billion recorded by *sigma* since 1990. Of the 19 000 people who lost their lives in catastrophes in 2002, some 2 000 died in an earthquake in Afghanistan in March and over 1 400 lost their lives when a Nigerian ammunition depot exploded in January.

### Natural catastrophes cost USD 10 billion

Natural catastrophe losses, estimated at USD 10 billion, hit property insurers harder than man-made losses, as they have done every year since 1990, with the exception of 2001 and the 11 September loss. High-profile natural catastrophes in 2002 included the two flooding events in Europe in July and August, which caused insured losses of USD 3.2 billion. In September, heavy rain in France brought additional losses of USD 440 million. In the US, a series of tornadoes in April cost insurers USD 1.5 billion, while Hurricane Lili in the Caribbean and the US caused losses of USD 650 million.

### Man-made catastrophes cost insurers USD 2 billion

Man-made catastrophes in 2002 accounted for insured losses of USD 2 billion, which were mainly due to major fires, aviation and space disasters.

### Relatively low claims payments for insurers

The USD 12 billion estimate for total insured catastrophe losses world-wide equates roughly to the average since 1970, adjusted for inflation, according to *sigma* statistics. The losses are, however, significantly lower than those experienced during the claim-intensive years since 1990, when annual losses averaged USD 21.5 billion. 2002 should not, however, be seen as signalling a return to lower claims. The factors causing higher losses - greater population densities and higher concentrations of insured values - still remain.

In fact, the flood losses in 2002 highlight the potential threat presented by risk concentrations. Losses arising out of the 2002 floods totalled USD 3.9 billion, which is higher than the average recorded since 1990 (USD 1.1 billion) and eight times higher than the average recorded since 1970 (USD 0.5 billion). As a result, the insurance industry has been galvanised into developing insurance solutions to cope with the threat of significant flood losses.

### Major insured losses 2002

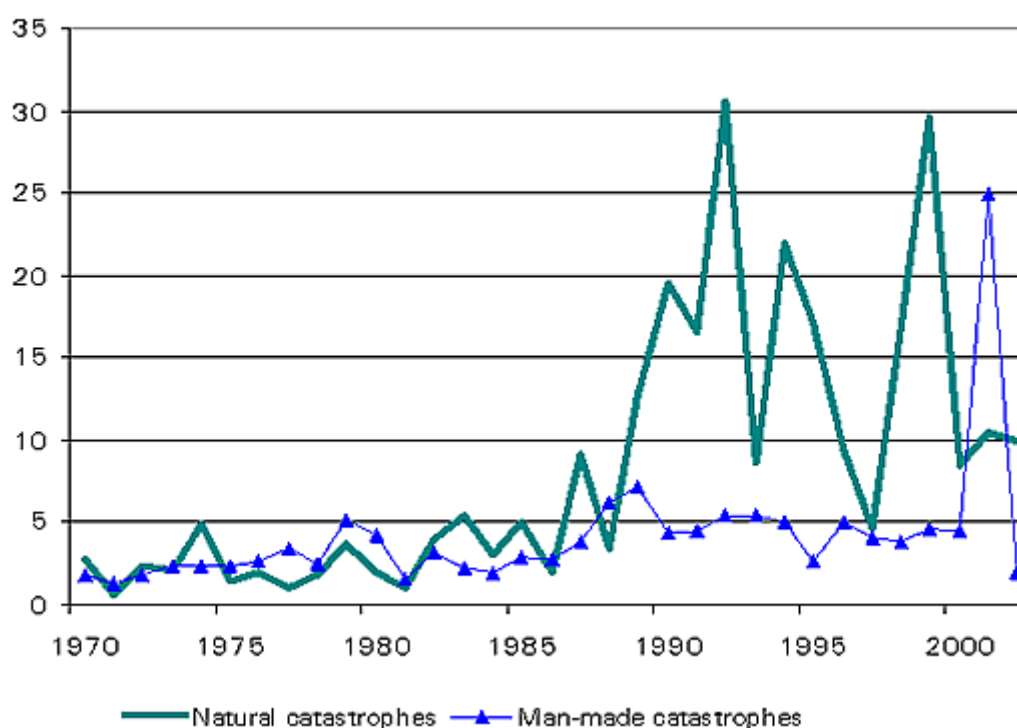
<i>Insured losses (in USD bn)</i>	<i>Total losses</i>	<i>Date (beginning)</i>	<i>Event</i>	<i>Country</i>
1.5	-	27.04.2002	Series of tornadoes	US
3.2	15.0	31.07.2002	Floods (two events)	Europe
0.7	2.0	21.09.2002	Hurricane Lili	Caribbean, US
0.5	-	09.11.2002	Tornadoes, hail	US
0.4	-	08.09.2002	Floods	France

## Deadliest catastrophes 2002

<i>Victims (dead and missing)</i>	<i>Date (beginning)</i>	<i>Event</i>	<i>Country</i>
2000	25.03.2002	Earthquake (6.0 Richter)	Afghanistan
1460	27.01.2002	Explosion in ammunition dump	Nigeria
1150	26.09.2002	Le Joola ferry sinks	Gambia
1037	06.05.2002	Heatwave in Andhra Pradesh	India
771	01.06.2002	Flood, earthquake	China

in USD bn,  
at 2002 prices

## Insured losses 1970–2002



### Notes for editors:

Swiss Re is one of the world's leading reinsurers with over 70 offices in more than 30 countries. Swiss Re reported a loss of CHF 165 million in 2001, predominantly due to losses from 11 September. In the 2001 financial year, gross premium volume amounted to CHF 28.5 billion. At the end of June 2002, Swiss Re's shareholders' equity amounted to CHF 18.3 billion and the total balance sheet stood at CHF 168 billion. Swiss Re is rated "AA+" by Standard & Poor's, "Aa1" by Moody's and "A++" by A.M. Best.

### How to order the comprehensive *sigma* catastrophe study:

The comprehensive *sigma* study "Natural and man-made catastrophes 2002" will be published in March 2003. You can already order your copy, remembering to include your full postal address, from

E-mail: [sigma@swissre.com](mailto:sigma@swissre.com)

Zurich: Tel. +41 43 285 2551, Fax +41 43 285 4749

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