



Partnering for progress

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Swiss Re  
Press conference

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# Your speakers today

Partnering for progress

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## Macro environment

Rapid shifts and persistent uncertainty are impacting the re/insurance market by creating volatility and making risk assessment more complex



## Macro environment

The re/insurance industry remains a beacon of stability – demonstrating resilience time and again in the face of major global disruptions

**USD 37bn**

Insured losses from earthquakes in New Zealand (2010 & 2011) at 2024 prices

**USD 105bn**

Insured losses from Hurricane Katrina (2005) at 2024 prices

**USD 1.2bn**

Insured losses following the explosion in Beirut (2020)

**USD 31bn**

Global insured losses from severe convective storms in the first half of 2025

**USD 40bn**

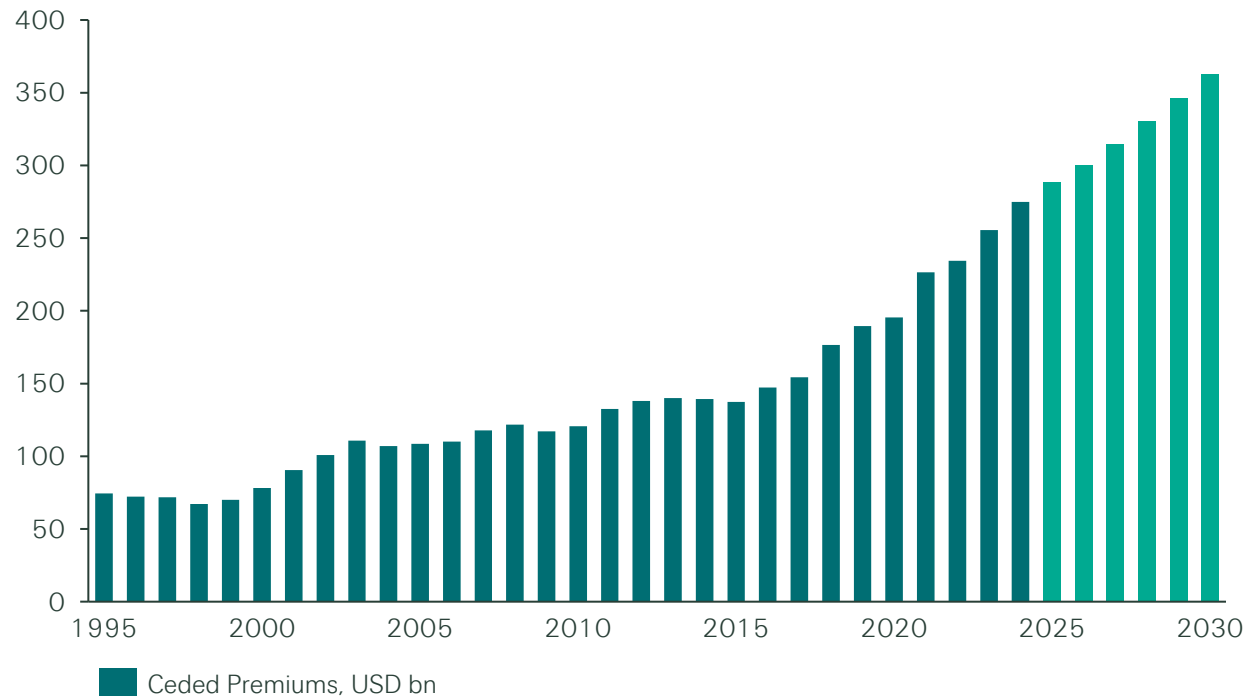
Insured losses from Los Angeles Wildfires (2025)

**USD 1.4bn**

Insured losses from the Baltimore bridge collapse (2024)

# Increasing demand and rising capital drive competitive market

## P&C Global Ceded Premiums



**Global reinsurance capital rose ~7% YoY to USD 610bn in 2024**, driven by growth in both traditional and alternative capital



**Global direct property premiums to rise 34% by 2030**, reaching USD 774bn (from USD 578bn in 2024)



A **balanced market is essential** to mitigate global risks, close protection gaps, and sustain resilience

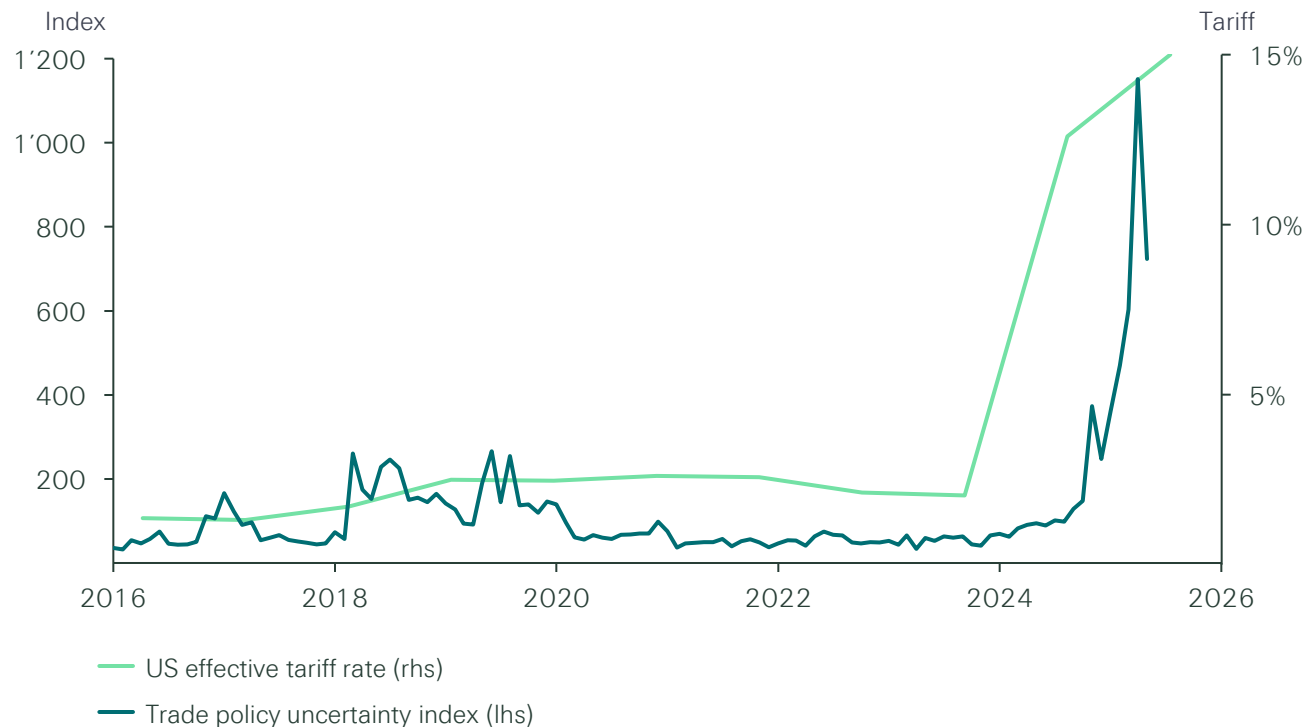


**Market dynamics** vary by sub-line and risk class specifics

## Macro environment

Geopolitics, trade policies and protectionism are reshaping global supply chains – raising costs, amplifying uncertainty and driving long-term fragmentation risks

### US effective tariff rate and trade policy uncertainty index



**Protectionist trade policies** drive higher costs and long-term supply chain fragmentation



**Global trade volumes** are estimated to fall 2% by Q4 2026, despite a 2025 export frontload



**US motor loss ratios expected to rise 4–7pp** due to costlier replacements and trade volatility



**Highest tariffs since Great Depression** fueling uncertainty

# With strikes, riots & civil commotions (SRCC) exposure on the rise, disciplined accumulation management is essential

## Protests, riots and populism are increasing worldwide



**Populist movements and anti-establishment sentiment** rising globally, even in historically stable markets



Protests increasingly occur in **dense, urban commercial zones** with high insured values, leading to more frequent and costly claims



**>75 countries have experienced significant protests** in the last 12 months<sup>1</sup>

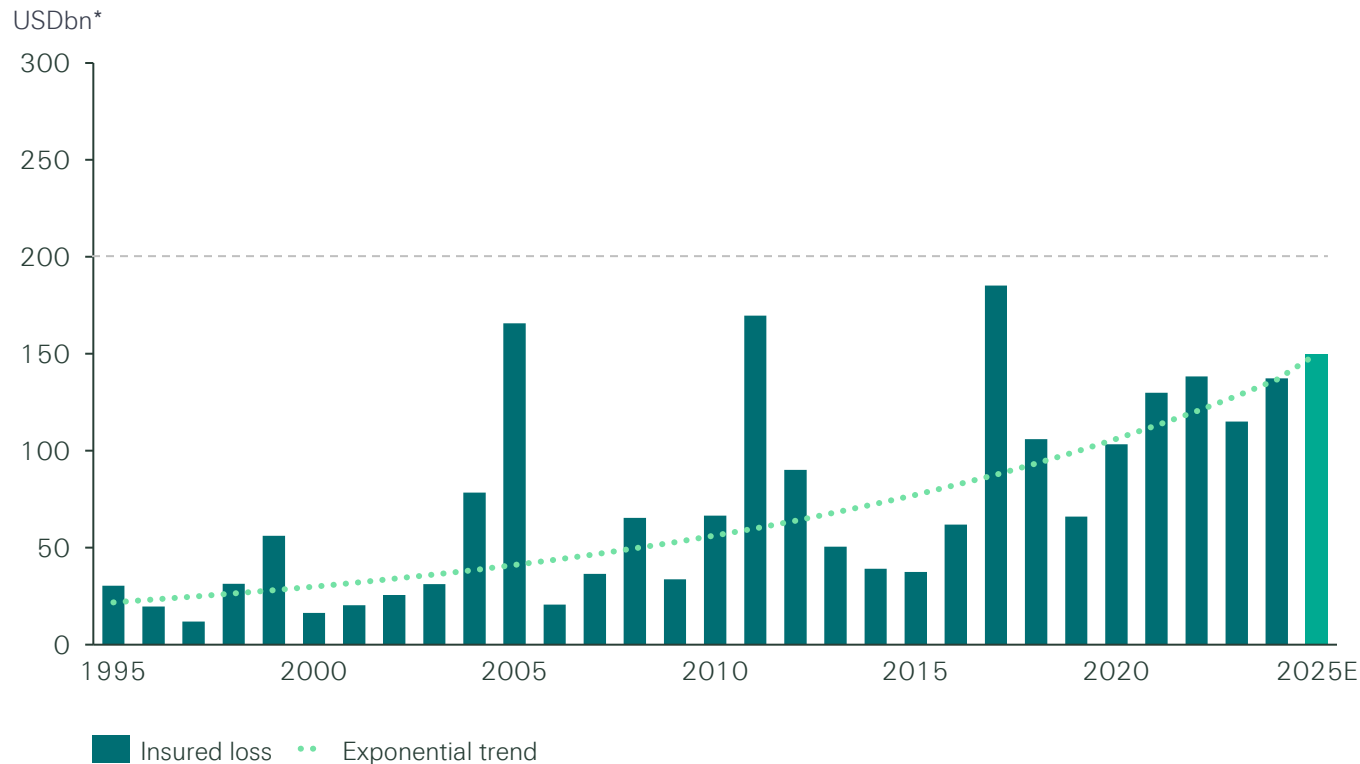


**40% support hostile activism** for social change; 50% among young adults (18–34)<sup>2</sup>

## Macro environment

# Extreme weather is pushing annual insured natural catastrophe losses towards USD 150bn, with peak scenarios exceeding USD 300bn

### Global insured natural catastrophe losses



Note: 2025E refers to estimate for 2025 based on historical trend and assuming a 5–7% real growth y-o-y  
\*2025 prices



**Natural catastrophe losses rising** due to economic growth, claims inflation, increased built-up land and more intense perils



**US CPI increased 97% since 1994**, contributing to rise in post-disaster claims



Total insured losses from **Hurricane Katrina** would equal **USD 105 billion** at 2024 prices



**2011 Great East Japan** earthquake today could cause economic losses of **USD 300bn**

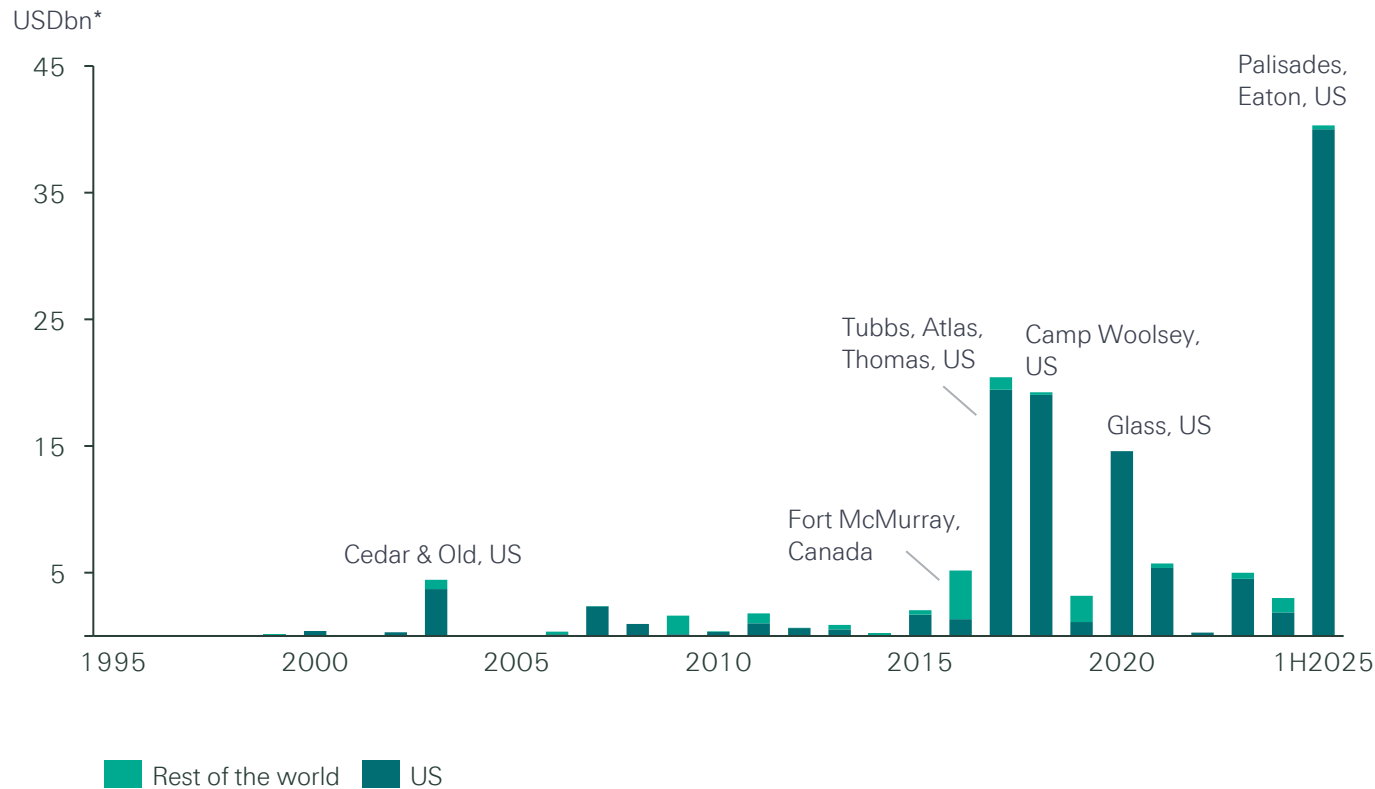


Insured natural catastrophe losses **10-year rolling average increased by 46%** to USD 108bn in 2024

## Macro environment

# Escalating wildfire risk underscores need for better zoning, standards and risk modelling

### Annual wildfire insured losses



\*2025 prices



California shows the risks of building in fire-prone zones – **over 12 000 structures destroyed**



**80% of ignitions man-made**, driven by urban sprawl into wildfire-prone areas



Wildfires made up **>7% of natural catastrophe losses** in 2015 to 2024 – over 5x share in prior decade



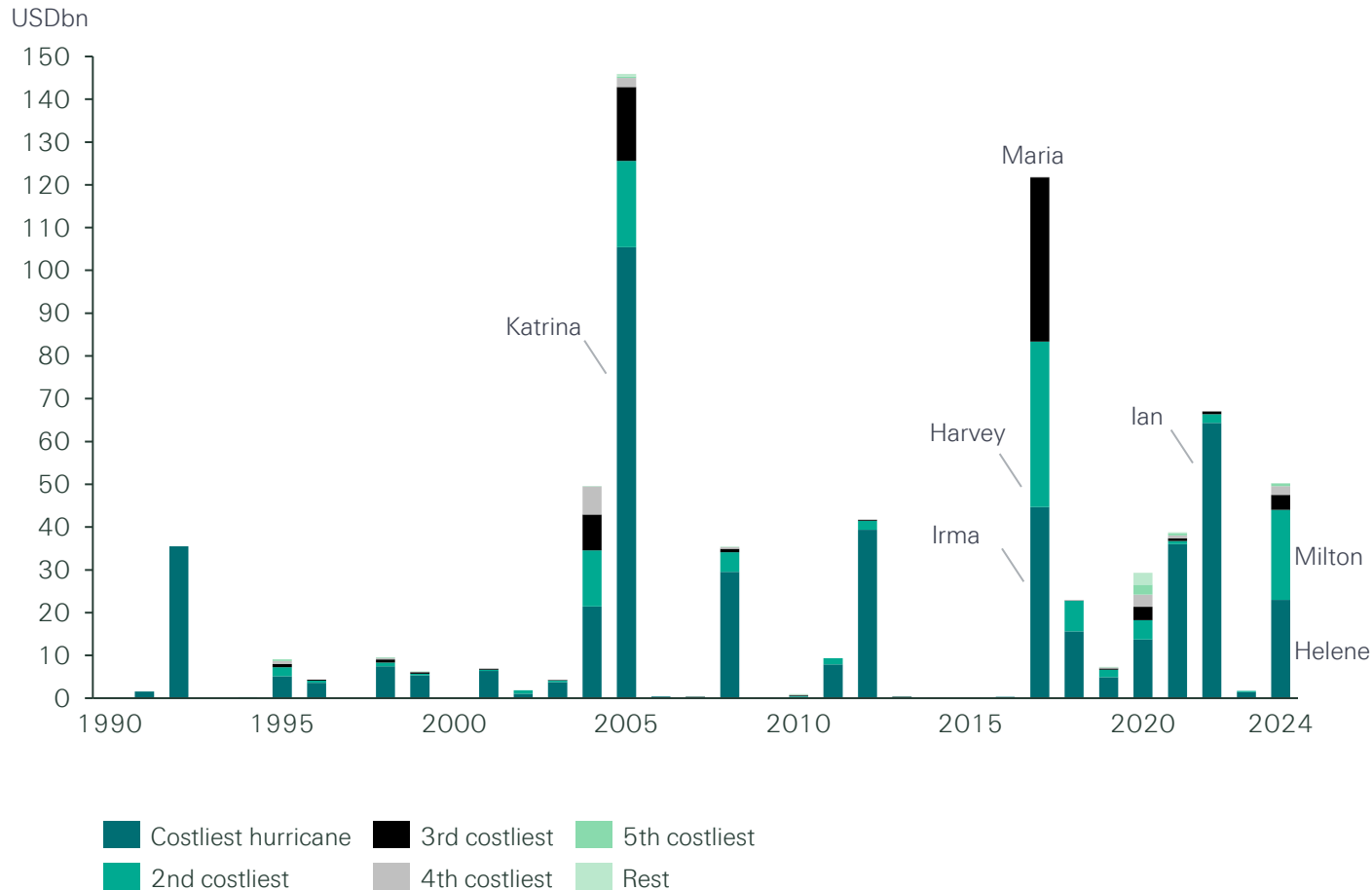
**Improved building standards** have reduced vulnerability by up to 45% in some regions



**Risk ownership must be shared** across homeowners, cities, re/insurers, and governments

# Public sector prevention and adaptation measures are key to manage growing tropical cyclone risk and sustainably reduce loss potential

**Insured losses from North Atlantic tropical cyclones**



**Tropical cyclones** that originate in the North Atlantic Ocean (TCNA) cause about **80%** of all **global tropical cyclone insured losses**



Insured losses from TCNA have been rising, and **major hurricanes causing over USD 30bn each** have been the main contributors



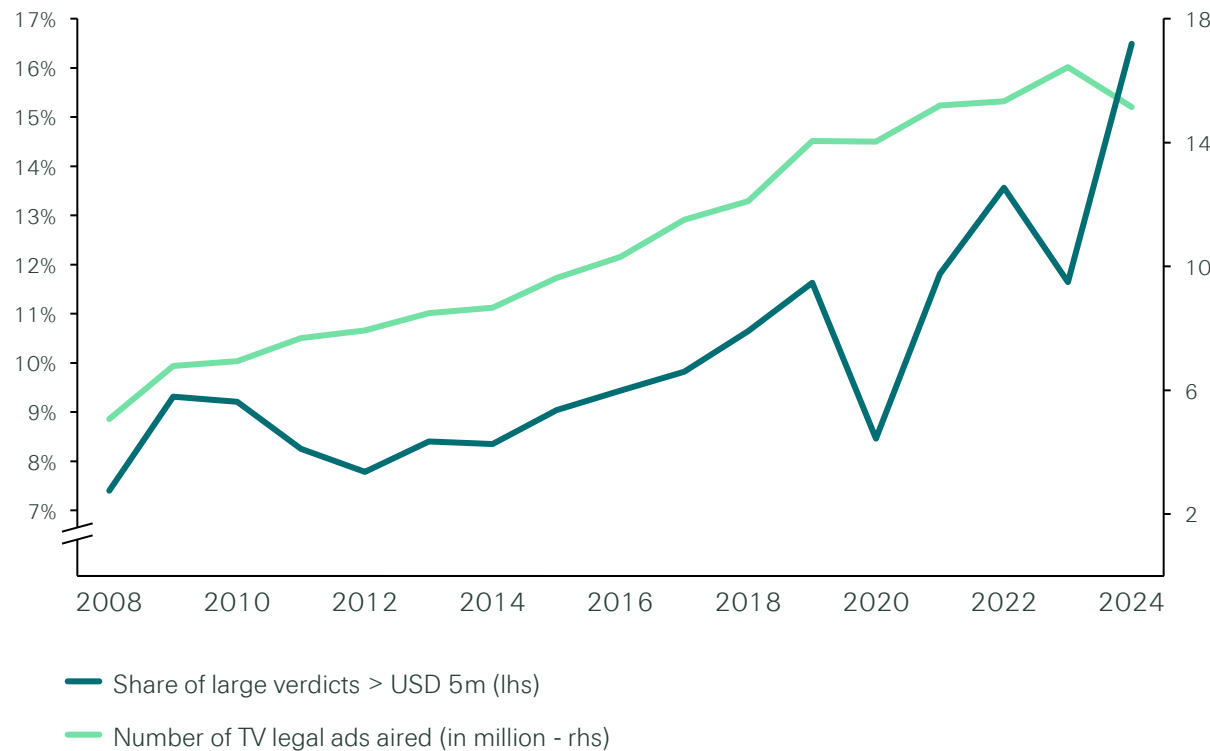
**Hurricane Katrina today** would cause lower economic losses due to enforced building codes, upgraded zoning, and flood defenses



**Re/insurance industry** supports **risk reduction** by promoting resilience through underwriting standards, risk knowledge and analytics

# Growing legal system abuse heightens claims volatility and pricing pressure

### Legal advertisements and large verdicts growth over time in the US



**Legal system abuse** has become the primary driver of US liability claims, with UK and Canada also experiencing double-digit increases



**Nuclear verdicts<sup>1</sup> hit USD 31bn** in 2024 – up 116% year-over-year



**US liability claims** hit USD 163bn in 2024, exceeding global nat cat insured losses



Third-party litigation firms are using **advanced data and analytics to select promising cases**



**Weaker regulation and declining social trust** are amplifying litigation risk and costly claims

Macro environment

# AI is transforming the re/insurance industry by enhancing risk assessment and productivity, while emerging risks are actively being addressed

## 3 waves of AI impact on the re/insurance industry



### 1<sup>st</sup> wave: productivity gains

Automation and augmentation of general knowledge tasks



### 2<sup>nd</sup> wave: business innovation

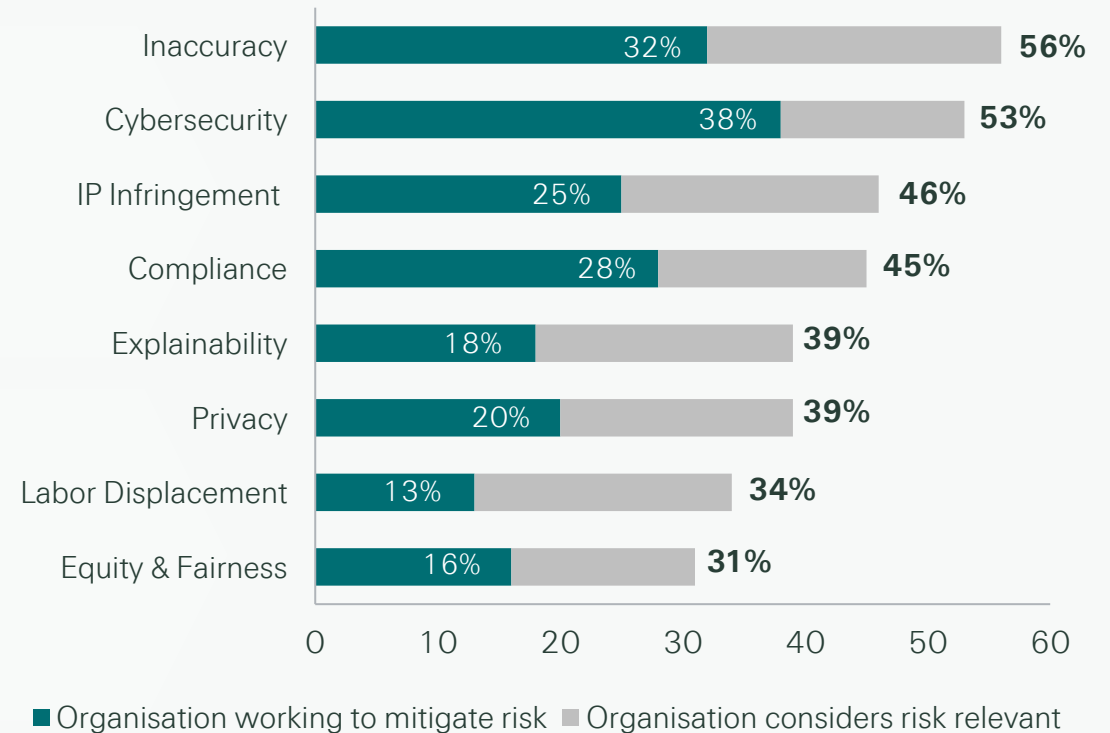
Improve insurance-specific knowledge tasks and automated document processing



### 3<sup>rd</sup> wave: industry disruption

Projection of industry impact based on future tech development, e.g., autonomous AI agents

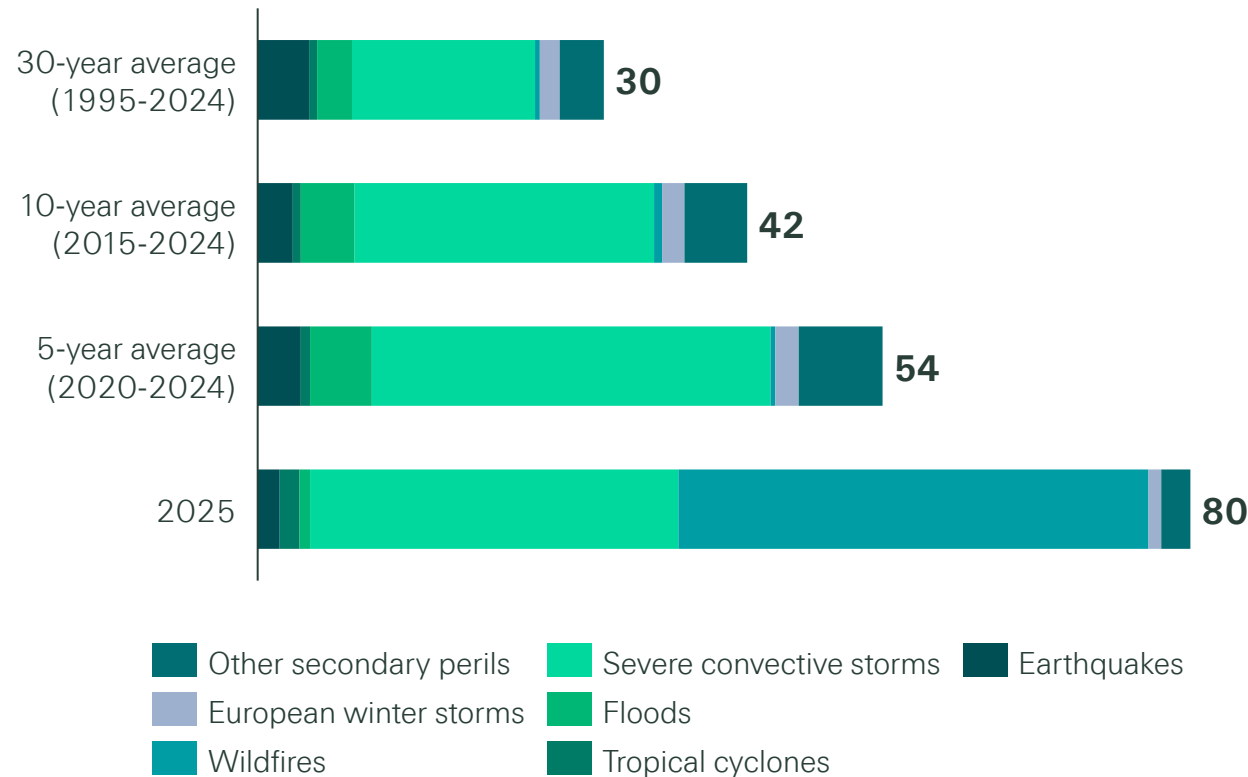
## Generative AI-related risks organisations consider relevant and are working to mitigate



## Demand for re/insurance

# In an era of persistently increasing natural catastrophe losses, are we underestimating the vulnerability of assets?

### Global insured losses from natural catastrophes by peril for first half of the year (USD bn)



**Market underestimation of losses** is an industry-wide phenomenon with many adjusting their ultimate losses by 100–200%



**Main drivers** are underestimation of loss exposure, risk values and inflationary impact



Root cause for underestimation comes down to **lacking exposure data** to enhance modelling and risk estimations



**Inaccuracy and delay** in loss reporting can lead to loss of trust and pricing volatility

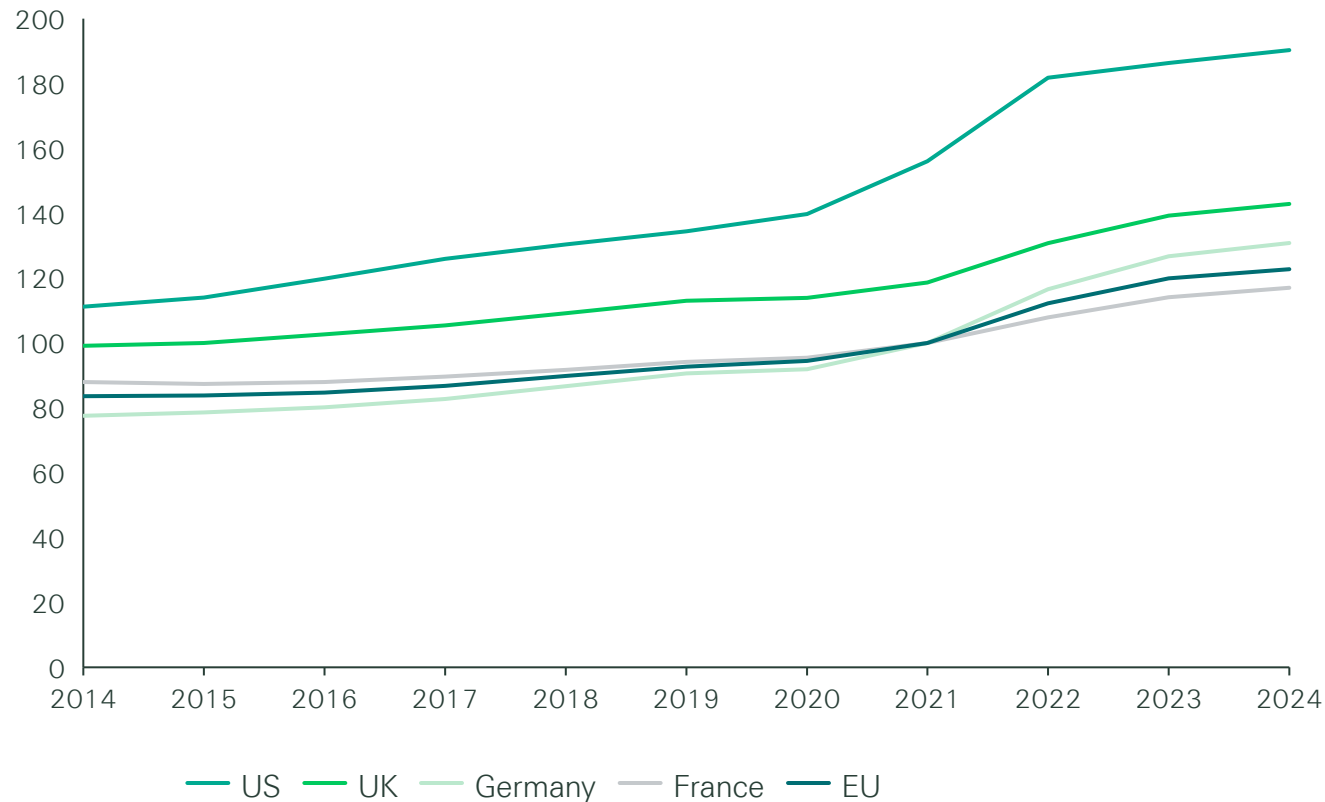


**Enhanced exposure data and greater transparency across the value chain to strengthen industry resilience**

## Demand for re/insurance

# Increasing losses from extreme weather and higher inflation environment highlight the need for effective adaptation and mitigation measures

### Construction price indices in selected countries<sup>1</sup>



Source: United States Census Bureau, UK Office for National Statistics, Deutsche Bundesbank, INSEE, Eurostat, Swiss Re Institute

<sup>1</sup> US construction price index 2005 = 100; UK construction output price index 2015 = 100; German construction index 2021 = 100; French construction index 2021=100; EU construction price index 2021 = 100

<sup>2</sup> Swiss Re Institute sigma No 1/2025, calculated on net basis



Increasing property values, urbanisation and repair costs are **main loss growth drivers**



Over last 10 years, US homeowner insurers experienced **underwriting losses of USD 35bn<sup>2</sup>**



**Adaptation measures** such as stricter building codes or improved land-use planning can help make insurance more affordable in high-risk areas



**Risk reduction** through investments in disaster resilience infrastructure involves long-term commitment and a comprehensive approach

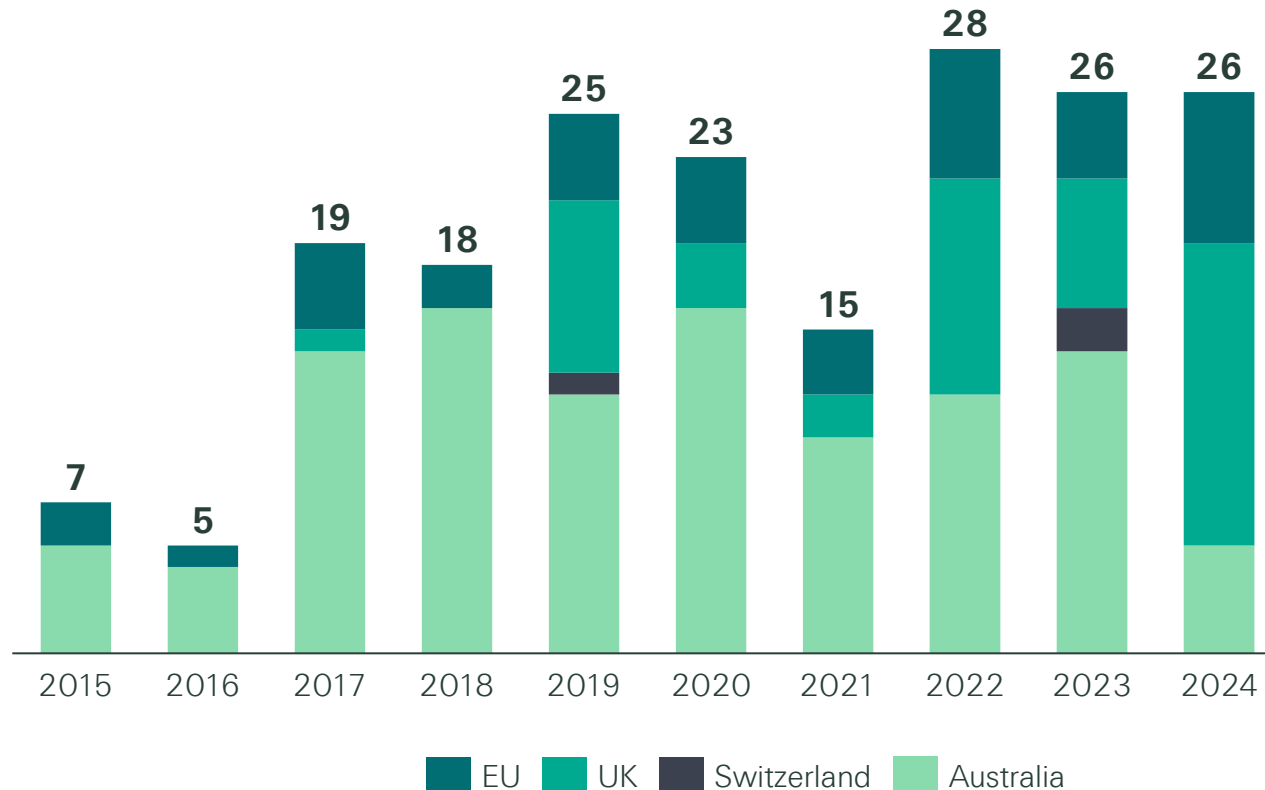


**Adequate insurance coverage is key to ensure societal resilience in an uncertain world**

Demand for re/insurance

# Not just a US phenomenon: liability risk landscape is worsening driven by regulatory change in the EU

Number of class action suits filed in Europe and Australia



Source: Swiss Re Institute

<sup>1</sup> CMS Law: European Class Action Report 2024

<sup>2</sup> Swiss Re Sigma 04/2024: UK liability claims inflation of 6.7% (2017–2022) vs 0.2% (2012–2022); Australia liability claims inflation of 4.1% (2017–2022) vs 0.9% (2012–2022); and Germany showing stable liability claims inflation in both time periods of 1.7%



**Mass tort litigation's frequency** and size are increasing, driven by funding, technology and societal changes



**Opt-out mechanisms** will drive forum shopping, amplifying the scale and stakes of mass claims<sup>1</sup>



**Representatives Actions Directive** accelerated class actions across the EU and is expanding insurer exposure<sup>1</sup>



Liability claims inflation across countries outside of US is seeing **higher indices in the last 5 years** than in the period of last 10 years<sup>2</sup>

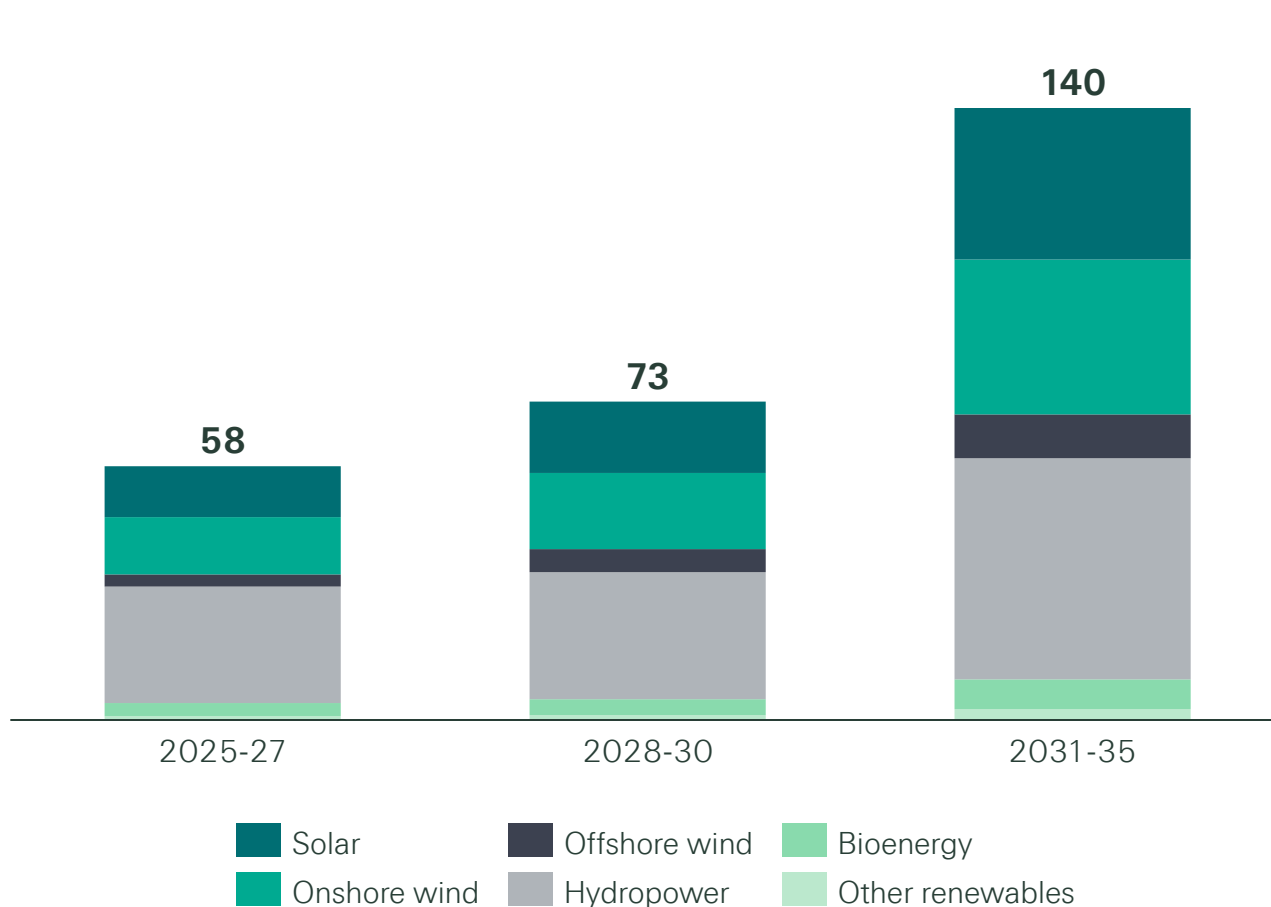


**Enhancing pricing and risk models to account for litigation volatility and systemic legal trends**

Demand for re/insurance

# Energy investments create re/insurance opportunities in an uncertain geopolitical and electricity hungry environment

Forecasted global cumulative premiums by renewable technology (USD bn)



Global energy investment to hit USD 3.3tn, with **USD 2.2tn allocated to clean energy**<sup>1</sup>



EU budget 2028–2034 proposes **mobilising over EUR 700bn** on climate and environmental spending<sup>2</sup>



At COP28, a pledge was signed to **triple nuclear capacity by 2050**, underlining the growing role of Nuclear in energy transition



**Heightened natural catastrophe losses** have impacted the performance of the renewables segment by more than 50%

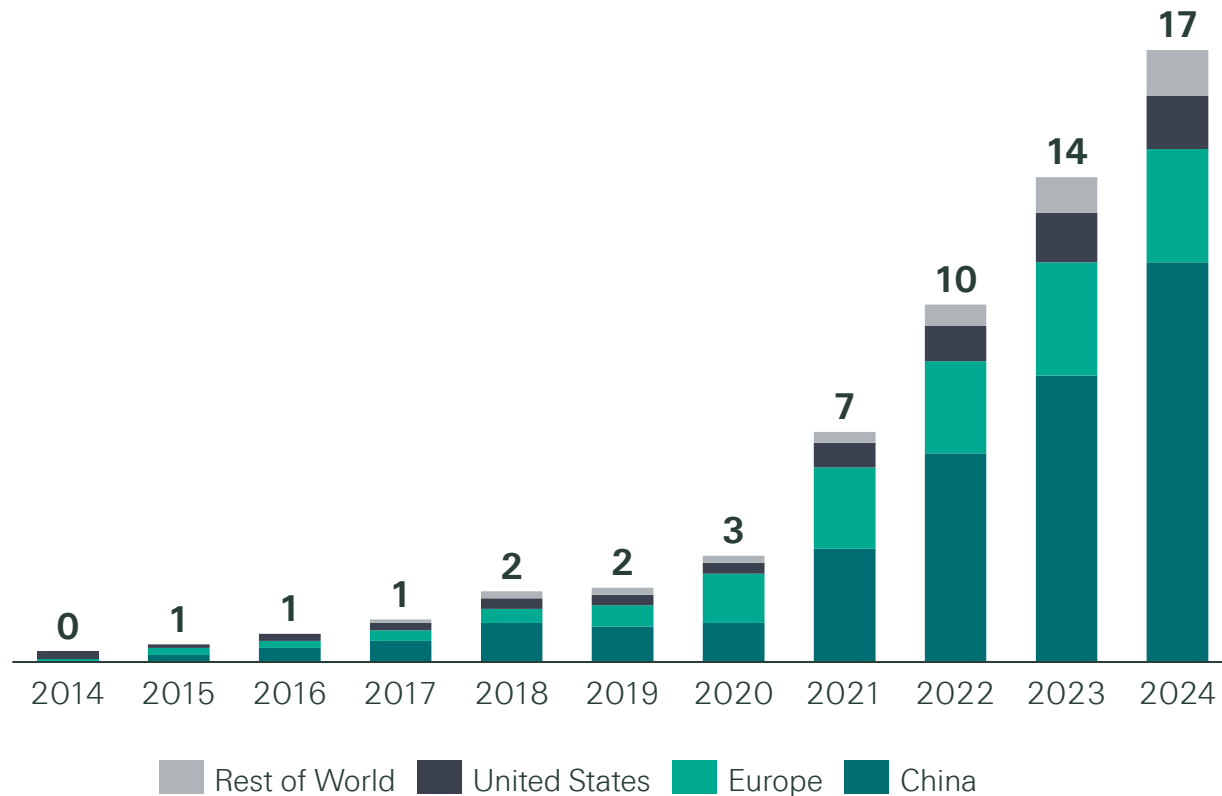


**Careful underwriting and expertise is supporting a long-term and sustainable energy industry growth**

Demand for re/insurance

# Rapid growth in electric vehicle (EV) adoption globally is changing the nature of risk in the motor insurance sector

Global electric car sales (millions)



Source: IEA Global EV Outlook 2025

<sup>1</sup> In UK and Germany as per Thatcham 2023 and German Insurer's Association 2024 reports respectively

<sup>2</sup> National Highway Traffic Safety Administration safety research conducted in January 2025; ADAS refers to advanced driver-assistance system



Strong policy **support from governments** is a key driving factor in manufacturing boost, especially in China



**Rapid technology advancements** are making EVs more attractive to customers as features, driving range and model availability improve



Sophistication of EVs now contributes to higher repair costs and **increased insurer losses (up to 25% in certain regions<sup>1</sup>)**



EVs are increasingly equipped with **ADAS. AI-powered automated braking systems** alone can reduce rear-end collisions by up to 50%<sup>2</sup>

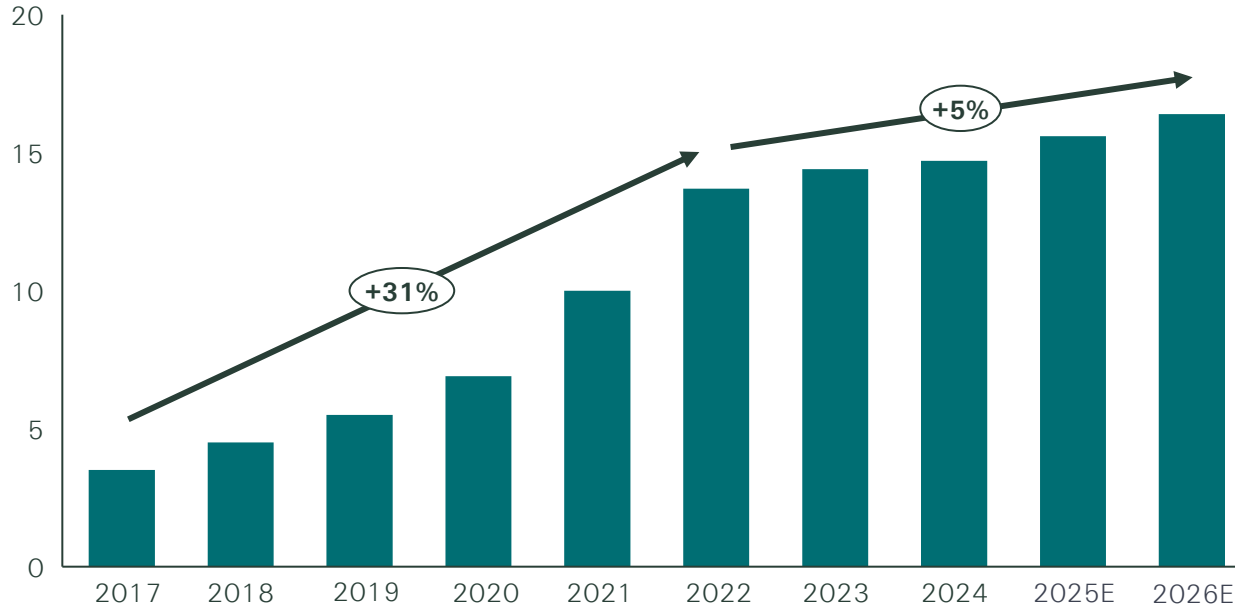


**Partnerships are vital to provide more than just risk transfer in a market that is poised to change significantly**

Demand for re/insurance

## Despite a slowdown, continued phase of growth is expected in the cyber market with different drivers

### Global cyber market growth potential (USD bn)



Source: Swiss Re Cyber Data Lake



Cyber insurance entering **stable growth at ~5%**, driven by normalization rather than contraction



**Protection gap in SME segment** despite rising cyber risks, offering further growth potential



**AI** is augmenting both cybercriminal and cybersecurity capabilities, resulting in an arms race



**Ransomware** remains primary loss driver with attacks getting increasingly sophisticated

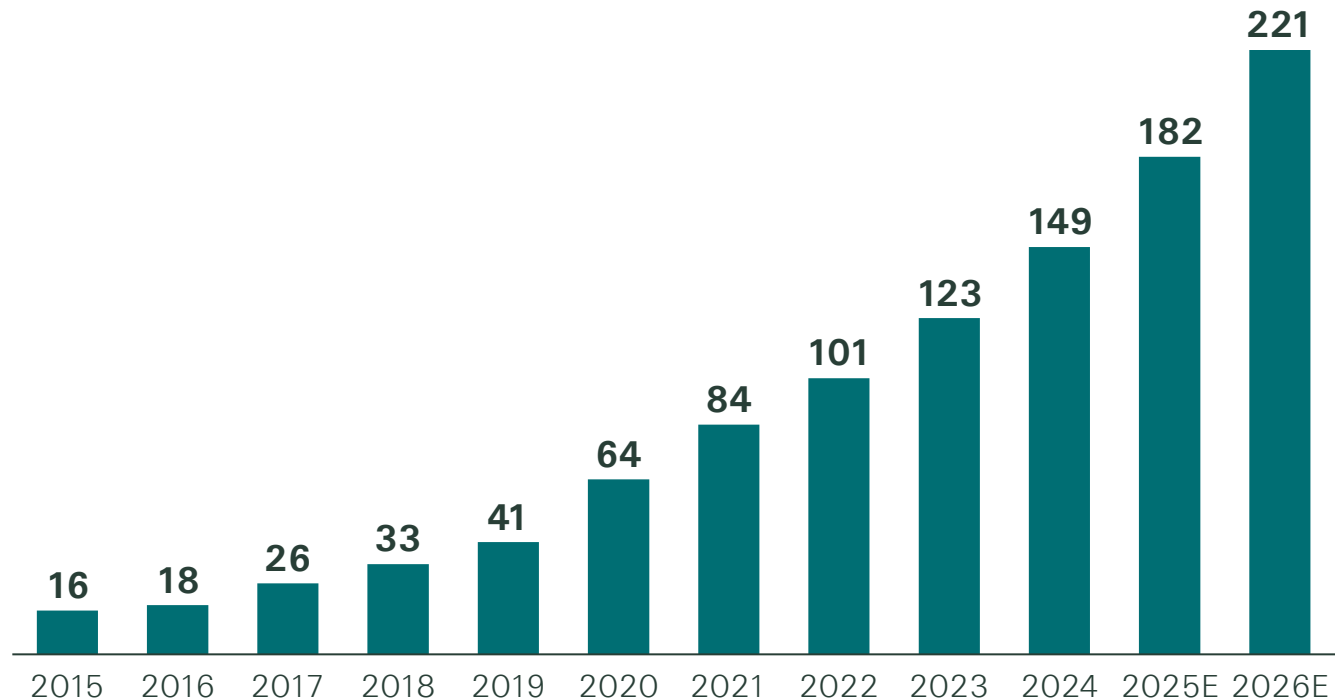


**Building a sustainable cyber market through prudent underwriting and careful accumulation modelling and management**

Partnering for progress

## Risk Data Solutions: Integrated value chain expertise, supported by innovation

### World data created, captured or replicated (zettabytes)



Source: Swiss Re Institute, Statista



**Evolving insights:** Data powering intelligent analytics to make better decisions faster and smarter



**Evolving performance:** Ability to optimise operations, enhance product and process efficiency for outperformance



**Evolving possibilities:** Distinctive new propositions to access new markets or distribution channels



Building on Swiss Re's 160+ years of risk knowledge to create **integrated solutions across** the value chain



**Partnering with our clients through Risk Data Solutions to drive profitability, resilience and growth**

Partnering for progress

# Strong partnerships between private and public sector are key to making the world more resilient

## SMAIP – Italy

Mandatory NatCat for SMEs

## ExFONDEN – Mexico

Subnational disaster funding

## Flood Re – UK

Flood scheme for high-risk properties in the UK

## Cyber Re

Early-stage cyber backstop initiative (proposed)

## SEADRIF

Parametric disaster protection for ASEAN

## NFIP – US

Flood coverage for US homeowners



**Holistic approach needed** to sustain resilience of families, businesses, communities and society



**Reliable data, transparency, aligned interests across the value chain**, and public-private partnerships are critical to long-term insurability



**Investing in loss prevention and climate resilience** helps mitigate future risks and strengthens societal preparedness



**Closing the protection gap** requires coordinated action across sectors to ensure inclusive and equitable coverage



**Public-private partnerships are key to ensure insurability, affordability and availability**



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