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## Swiss Re *sigma* study: high flood loss burden for insurers in 2002

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**Zurich, 12 March 2003 - Natural catastrophes and man-made disasters cost non-life insurers USD 13.5 billion in 2002. Property losses were below the long-term average, according to Swiss Re *sigma* statistics which started in 1970. Flood losses, however, cost insurers a record USD 4.1 billion. Floods are posing a growing challenge to the insurance industry and the state.**

According to Swiss Re's latest *sigma* study, "Natural catastrophes and man-made disasters in 2002", catastrophes cost insurers USD 13.5 billion worldwide – USD 1.5 billion more than the provisional *sigma* estimate of December 2002. The increase was mainly due to higher storm losses, which totalled USD 6.7 billion. However, the annual loss burden on insurers was substantially down from USD 35 billion in 2001. While natural catastrophes in 2002 caused the majority of losses, USD 11.4 billion, man-made losses totalled USD 2.1 billion. This marks the return of natural catastrophes outweighing man-made disasters, a trend which was only broken in 2001, due to the 11 September terrorist attack.

Floods caused record insured losses in 2002

Floods caused record losses in 2002, costing insurers worldwide USD 4.1 billion. USD 3.2 billion of this amount was due to the two flood events in Europe during the summer. The previous records for flood losses also stem from the recent past: USD 2.9 billion in 2000 and USD 2.7 billion in 1993. The economic losses caused by the floods are significantly higher than the insured losses: *sigma* estimates that the two European floods alone triggered an economic loss of USD 15 billion.

Private-public partnership for flood insurance required

These figures show that some countries are underinsured against flood losses. Developing and introducing comprehensive flood cover is a major challenge. A carefully balanced private-public partnership could be in the best interests of the public and private sector.

The terrorism threat still exists; nevertheless potential insured losses are considerably reduced

For property insurers, threat scenarios still include terrorism, and 11 September gave the public a clear reminder of its ominous dimensions. In 2002, the attacks on Bali and Djerba further proved that international terrorism is a lurking threat. However, potential insured losses have been reduced considerably for private direct insurers and reinsurers. Terrorism cover has been restricted, and some markets have introduced new types of cover, eg the US, Germany and France, in which the state carries a substantial share of any loss.

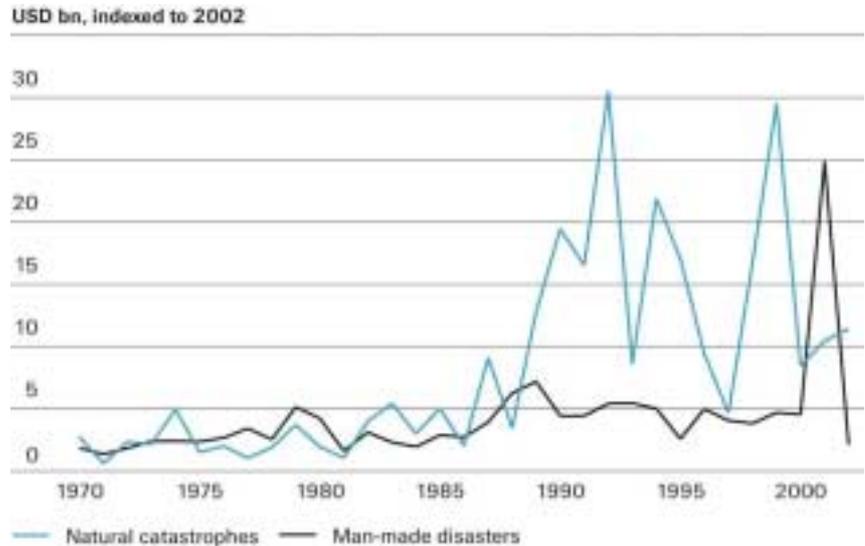
### The five most costly insured losses in 2002

<i>Insured loss (in USD bn)</i>	<i>Total loss</i>	<i>Date (start)</i>	<i>Event</i>	<i>Country</i>
3.2	15.0	31.07.2002	Flood (2 events)	Europe
1.7	–	27.04.2002	Spring storm, tornadoes	US
0.8	–	26.10.2002	Storm Jeanett	Europe
0.7	2.0	21.09.2002	Hurricane Lili	Caribbean, US
0.5	–	14.09.2002	Tropical storm Isidore	Caribbean, et al

### The five worst catastrophes in terms of victims in 2002

<i>Victims (dead and missing)</i>	<i>Date (start)</i>	<i>Event</i>	<i>Country</i>
2000	27.02.2002	Social unrest after arson on train	India
2000	25.03.2002	Earthquake (6.0 Richter scale)	Afghanistan, Pakistan
1863	26.09.2002	Ferry Le Joola capsizes	Gambia
1500	01.12.2002	Cold wave	India et al
1460	27.01.2002	Explosion in munitions depot	Nigeria

## 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 net loss of CHF 1 65 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 1 68 billion. Swiss Re is rated "AA+" by Standard & Poor's, "Aa1" by Moody's and "A++" by A.M. Best.

### How to obtain a copy of *sigma*:

The English, German, French, Spanish and Italian versions of the *sigma* study are available electronically on Swiss Re's website: <http://www.swissre.com> ("Research & Publications", "sigma insurance research").

Printed editions of *sigma* No. 2/2003 can now be ordered. English and German versions are currently available, those in French, Spanish, Italian, Chinese and Japanese will be available soon. Please send your orders, complete with your full postal address, to:

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This media release is also being distributed by e-mail; to receive a copy, please contact [sigma@swissre.com](mailto:sigma@swissre.com).

Data from selected figures and tables are available from the *sigma* chartroom on the Swiss Re Portal: (<http://www.swissre.com/portal>)