



Swiss Re *sigma* preliminary estimates of catastrophe losses: despite natural catastrophes, 2003 will go down as a moderate year for property insurers

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Zurich, 16 December 2003 – According to Swiss Re's preliminary estimates, 20,000 people worldwide were killed by natural and man-made catastrophes in 2003. Overall financial losses from catastrophes amounted to an estimated USD 65 billion. Property insurers across the globe had to contend with losses of some USD 17 billion.

Five insured losses in excess of one billion US dollars in North America and none in Europe or Asia – this is the preliminary conclusion drawn for 2003 by Swiss Re's *sigma*. Although, at USD 17 billion, losses were higher than in the previous year, 2003 is still no record year in a long-term comparison. *sigma*'s records indicate that there were a high number of fatalities: almost 20,000 people lost their lives in the just under 350 catastrophes registered. More than 2, 200 people perished in the earthquake in Algeria in May, while nearly 1,400 died in India's heat wave.¹

In financial terms, catastrophes caused total losses of USD 65 billion. This corresponds approximately to the average reported by *sigma* since the high-loss years of the nineties. Typhoon Maemi, for example, battered South Korea in September with wind speeds of up to 210 km/h and floods, contributing almost USD 6 billion of damage to the total loss. The *sigma* statistics are based on a number of selection criteria (including a lower-loss threshold of 20 for fatalities, or USD 72 million for total losses, or USD 36 million for insured property losses), which present a picture of the losses sustained in the different regions of the world.

Insurers to pay USD 15 billion for natural catastrophes ...

The five insured billion-dollar losses mentioned above were the result of natural catastrophes in North America: in April, a storm system swept across the US from the North East to the Mid-West, bringing snow and ice, while in May, a record series of more than 400 tornadoes hit the US Mid-West with hailstorms. In September,

¹ *sigma* excludes the question of this summer's heat death toll in Europe.

Hurricane Isabel stormed across the US states along the Eastern Seaboard and Ontario. Between the end of October and beginning of November, the “Old” and “Cedar” forest fires raged in California. These fires caused extensive property damage in the densely populated forestry zones, which earned them the names of “urban forest fires”. The extraordinary amount of damage caused by forest fires and drought in 2003 can be attributed to the heat and extreme lack of rainfall in parts of Europe, the US, Canada and Australia.

Natural catastrophes caused insured losses of USD 15 billion across the globe. As in previous years, the bulk of the damage was caused by storms – *sigma* estimates insured storm damage to be in excess of USD 8 billion. Natural catastrophes were thus responsible for significantly more losses than major man-made disasters in 2003.

... and just under USD 2 billion for man-made disasters

Major man-made disasters caused insured losses of just under USD 2 billion in 2003, the main ones being major industrial fires, explosions and aviation and spacecraft losses. Terrorist attacks, in contrast, such as the ones in Istanbul, are measured mostly in terms of fatalities. For example, 475 people were killed and more than 2,000 injured in 15 bomb attacks.²

Burden for property insurers: rising trend

Insured property losses from natural catastrophes and man-made disasters in 2003 amounted to an overall approximate USD 17 billion. Although this figure is below those of recent record years – an inflation-adjusted USD 36 billion (including Hurricane Andrew) in 1992, USD 35 billion (including terrorist attack of 11 September) in 2001, USD 34 billion (including storms Lothar and Martin) in 1999 – 2003 can be added to the list of record losses. Natural catastrophes have caused billions of losses in virtually every year since the late eighties (an inflation-adjusted annual average of USD 20 billion since 1987). The 2003 figures confirm this trend towards high losses, which is being driven in part by increasingly densely populated areas, higher concentrations of insured values and the development of endangered zones.

² *sigma* statistics only take into account attacks outside of the areas of conflict.

Glossary of <i>sigma</i> catastrophe statistics	
Natural catastrophes	Loss events triggered by natural forces (storm, flood, hail, etc)
Man-made/technical disasters	Loss events associated with human activities (explosions, aviation disasters etc)
Victims	Total of all dead and missing persons
Economic losses	Losses that are directly attributable to the economy (property losses, business interruption, infrastructure losses, etc)
Insured property damage	That part of economic losses that is covered by property insurance treaties
Property insurance	All types of insurance that covers property (eg fire insurance, marine)

Costly insured losses in 2003

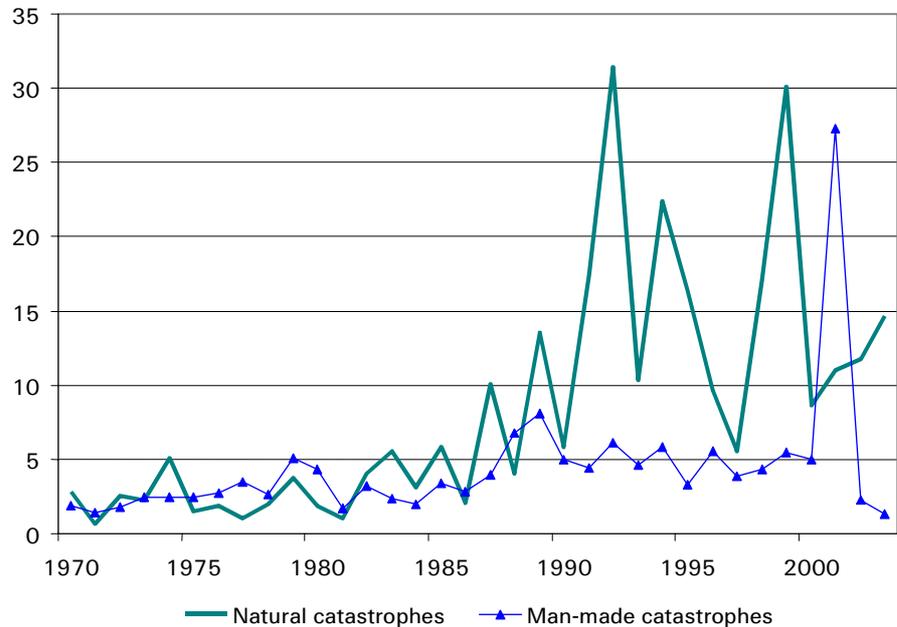
<i>Insured losses (in USD bn)</i>	<i>Victims (dead and missing)</i>	<i>Date (beginning)</i>	<i>Event</i>	<i>Country</i>
3.2	45	02.05.2003	Tornadoes and hail	US
1.7	36	18.09.2003	Hurricane Isabel	US, Canada
1.6	—	04.04.2003	Storms and hail	US
1.1	14	25.10.2003	Cedar Fire - urban forest fires	US (CA)
1.0	4	21.10.2003	Old Fire - urban forest fires	US (CA)

Deadly catastrophes in 2003

<i>Victims (dead and missing)</i>	<i>Date (beginning)</i>	<i>Event</i>	<i>Country</i>
2266	21.05.2003	Earthquake (6.8 on the Richter scale)	Algeria
1392	14.05.2003	Heat wave	India
765	08.07.2003	Capsize of the ferry MV Nasreen	Bangladesh
650	13.06.2003	Floods, landslides	India, Bangladesh
453	18.02.2003	Fire attack on the subway	South Korea

in USD bn,
at 2003 prices

Insured losses 1970–2003



Notes for editors:

Swiss Re is a leading reinsurer and the world's largest life and health reinsurer. The company is global, operating from 70 offices in 30 countries. Since its foundation in 1863, Swiss Re has been in the reinsurance business. Swiss Re has three business groups: Property & Casualty, Life & Health and Financial Services. Swiss Re offers a wide range of traditional reinsurance products and related services, which are complemented by insurance-based corporate finance solutions and supplementary services. Swiss Re is rated "AA" by Standard & Poor's, "Aa1" by Moody's and "A+" by AM Best.

How to order the comprehensive *sigma* catastrophe study:

The comprehensive *sigma* study "Natural and man-made catastrophes 2003" will be published in March 2004. You can already order your copy, remembering to include your full postal address, from

E-mail: sigma@swissre.com
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