

Press release

Insured losses from natural catastrophes break through USD 100 billion threshold again in 2022

- **Natural disasters resulted in global economic losses of USD 275 billion in 2022, of which USD 125 billion were covered by insurance**
- **Economic growth and accumulation of property assets in exposed areas were main loss drivers, aggravated by exceptional inflation pressure**

Zurich, 22 March 2023 – With Hurricane Ian in Florida, record breaking losses from hailstorms in France, floods in Australia and South Africa, winter storms in Europe and the US as well as droughts in Europe, China and the Americas, 2022 was the second consecutive year in which insured losses from natural catastrophes exceeded the USD 100 billion mark. This reaffirms the trend of a 5 – 7% average annual increase in insured losses over the past three decades, reveals Swiss Re's latest *sigma* report.

"The magnitude of losses in 2022 is not a story of exceptional natural hazards, but rather a picture of growing property exposure, accentuated by exceptional inflation", said Martin Bertogg, Head of Catastrophe Perils at Swiss Re. "While inflation may subside, increasing value concentration in areas vulnerable to natural catastrophes remains a key driver for increasing losses. For our industry this is a call both to reflect the latest exposure even more carefully in risk assessments while continuing to support society in being better prepared."

Inflation impacts values of insured assets

With natural disasters continuing to wreak property damage across the world, the demand for coverage has grown. At the same time, inflation has surged over the last two years, averaging 7% in advanced economies and 9% in emerging economies in 2022. The effect of high prices has been to increase the nominal value of buildings, vehicles and other insurable assets, thus pushing up insurance claims for damage caused by natural catastrophes.

"The economic storm is not over, and interest rates will likely have to increase further given existing inflation pressure. This means higher financing costs and, as a result, capacity providers are likely to remain more cautious in deploying capital for a number of reasons, including risk

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assessment and loss experience. In our view, as higher exposures encounter shrinking risk appetite, momentum for rising prices, higher retentions and tighter terms and conditions will likely continue", said Jérôme Jean Haegeli, Swiss Re's Group Chief Economist.

Hurricane Ian main loss driver in 2022

Insured losses were largely driven by Hurricane Ian, by far the year's costliest event. Making landfall in Florida in September as a category 4 storm, Ian resulted in estimated insured losses of USD 50–65 billion. After Hurricane Katrina in 2005, Ian ranks as the second-costliest natural catastrophe insured loss event on *sigma* records.

In February 2022, a cluster of storms (Eunice, Dudley, Franklin) in north-western Europe triggered combined insured losses of over USD 4 billion, bringing the total for this category to almost double the previous 10-year average. Meanwhile, France saw the highest ever annual loss (USD 5 billion) from hailstorms.

Global losses from floods were above average, the main event being flooding in eastern Australia in February-March 2022. This resulted in insured losses of USD 4.3 billion, the biggest natural catastrophe claims event ever in Australia.

On the opposite end of the rainfall spectrum, weather variability and anomalous atmospheric circulation conditions contributed to severe droughts and record-breaking heatwaves across the world. In Brazil, crop yields, particularly soybean and corn, suffered most, resulting in insured losses of USD 1 billion.

Notes to editors

Webinar "Natural Catastrophes & Physical Climate Change – A Complex Relationship"

Swiss Re is hosting public webinars on Friday, 31 March offering insights into what climate change means for natural catastrophes. You can [register here](#).

Risk profiles of twelve countries While the *sigma* report features mainly global data, Swiss Re's [infographic](#) provides the risk profiles of twelve countries: Australia, Canada, China, France, Germany, Italy, Japan, Mexico, South Africa, Switzerland, the United Kingdom and the United States of America.

Table 1: Total economic and insured losses in 2022 and 2021

USD billion in 2022 prices	2022	2021	Previous 10-y average
Economic losses (total)	284	303	220
Natural catastrophes	275	292	208
Man-made catastrophes	9	11	12
Insured losses (total)	132	130	91
Natural catastrophes	125	121	81
Man-made catastrophes	7	9	9

Note: Due to rounding, some totals may not correspond with the sum of the separate figures.

Source: Swiss Re Institute

How to order this *sigma* study: The English version of the *sigma* 1/2023, "Natural Catastrophes and inflation in 2022: a perfect storm", is available in electronic format. You can download it [here](#).

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