

Press release

Severe thunderstorms account for up to 70% of all insured natural catastrophe losses in first half of 2023, Swiss Re Institute estimates

- **Global insured losses from natural catastrophes at USD 50 billion (H1 2022: 48), second highest since 2011**
- **US thunderstorms main driver of global insured losses from natural catastrophes, well above ten-year average**
- **February earthquake in Turkey and Syria single costliest disaster both in terms of economic and insured losses**

Zurich, 9 August 2023 – A series of widespread thunderstorms (severe convective storms) hit the US and account for 68% of global insured natural catastrophe losses in the first half of 2023, highlighting the increasing loss impacts of secondary perils.

Martin Bertogg, Head of Catastrophe Perils at Swiss Re, said: "With severe thunderstorms as the main driver for above-average insured losses in the first half of 2023, this secondary peril becomes one of the dominant global drivers of insured losses. The above-average losses reaffirm a 5 – 7% annual growth trend in insured losses, driven by a warming climate but even more so, by rapidly growing economic values in urbanized settings, globally. The cyclone and flood events in New Zealand in the first quarter of 2023 are testimonies of the risk to today's large urban centres, continuing patterns observed in 2021 in the Germany flooding, and in 2022 in Australia and South Africa."

Severe convective storms – storms associated with thunder, lightning, heavy rain, hail, strong winds and sudden temperature changes – caused USD 35 billion (nearly 70%) in insured losses worldwide in the first half of 2023. This means that insured losses are almost twice as high in a six-month period as the annual average of the last ten years (USD 18.4 billion).

In the US, a series of severe thunderstorms prompted insured losses of USD 34 billion in the first half of 2023, the highest ever insured losses in a six-month period. Ten events caused losses of USD 1 billion and above each, compared to an annual average of six events for the previous ten years. The most affected state was Texas.

New Zealand was hit by two severe weather events just two weeks apart in early 2023, highlighting the growing risk of weather-related perils hitting large urban centres. In particular, the North Island of New Zealand was hit in quick succession in the first quarter with severe flooding in

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Auckland, the country's largest city, and the remnants of Cyclone Gabrielle. Both became the two costliest weather-related insured loss events in New Zealand since 1970, with combined insured losses estimated to be USD 2.3 billion.

The effects of climate change are evident in increasingly extreme weather events. Jérôme Jean Haegeli, Swiss Re's Group Chief Economist, said: "The effects of climate change can already be seen in certain perils like heatwaves, droughts, floods and extreme precipitation. Besides the impact of climate change, land use planning in more exposed coastal and riverine areas, and urban sprawl into the wilderness, generate a hard-to-revert combination of high value exposure in higher risk environments. Protective measures need to be taken for insurance products to remain economical for such properties at high risk. It is high time to invest in more climate adaption."

Heavy rainfalls in northern Italy's Emilia-Romagna region in mid-May led to extensive flooding and expected insured losses over USD 0.6 billion, the costliest weather-related event in the country since 1970. Estimated economic losses were USD 10 billion. With 94% of losses being uninsured in Italy, the important role of insurance as a means to close the protection gap and help households strengthen their financial resilience against natural catastrophes becomes obvious. Northern Italy has experienced drought conditions over the last two years. With the heavy precipitation, the ground rapidly became saturated, leading to increased run-off and flooding. The overall trend shows a significant increase in drought in southern Europe. However, changes in seasonality may lead to less frequent but more intense heavy rain events.

Since early July, the US, north-western China and southern Europe have become heatwave hotspots this year. In southern Europe, dry weather conditions and strong winds aggravated wildfires (most likely induced by human activity) on many Greek islands, as well as in Italy and Algeria, although it is still too early to estimate the damages regarding both the economic and insured losses.

Earthquakes still cause some of the most severe humanitarian and financial consequences. The single costliest disaster both in terms of economic and insured losses was the earthquake in Turkey and Syria causing material damage and affecting the livelihood of millions of people across the region. According to Swiss Re, insured losses are estimated at USD 5.3 billion, whereas the preliminary economic losses are at USD 34 billion, estimates the World Bank.

In the first half of 2023, the overall economic losses from natural catastrophes amounted to USD 120 billion, compared to USD 123 billion the prior-year period, 46% above the ten-year average.

Total economic and insured losses in H1 2023 and H1 2022

(USD billion in 2023 prices)

	H1 2023	H1 2022	H1 previous 10-y avg	% change vs 10-y avg
Economic losses	125	129	89	41%
Natural catastrophes	120	123	82	46%
Man-made catastrophes	5	6	7	-23%
Insured losses	54	52	38	42%
Natural catastrophes	50	48	32	54%
Man-made catastrophes	4	5	6	-28%

Note: H1 10-yr average refers to the average first-half losses between 2013 and 2022. Preliminary and, due to rounding, some totals may not correspond with the sum of the separate figures. Source: Swiss Re Institute

About Swiss Re

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