Climate change and urbanization are leading to significant losses for the global insurance industry from natural disasters, estimates from the Swiss Re Institute show.

Global insured losses from natural disasters hit $40 billion first half of 2021, the second-highest on record for a first-half since $104 billion in 2011 and above the ten-year average of $33 billion, estimates by the Swiss Re Institute published Thursday show.

The 2011 figure was boosted by major earthquakes in Japan and New Zealand, the institute said in a press release. It added that the estimates were for damage to property and excluded Covid-related losses.

**Greater Risk Assessment Capacity Needed**
Near-Record Insured Disaster Losses in First Half
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«The effects of climate change are manifesting themselves in warmer temperatures, rising sea levels, more erratic rainfall patterns and greater weather extremes. Taken together with rapid urban development and accumulation of wealth in disaster-prone areas, secondary perils, such as winter storms, hail, floods or wildfires, lead to ever-higher catastrophe losses,» Swiss Re head of catastrophe perils Martin Bertogg said in the statement.

«The insurance industry needs to upscale its risk assessment capabilities for these lesser monitored perils to maintain and expand its contribution to financial resilience,» he added.

Economic Losses

Swiss Re put the economic losses caused by natural disasters in the first half at $74 billion, below the ten-year average of $102 billion. However, it added that this figure was expected to rise as more losses were accounted for in the coming months.

Severe Weather Events

The institute said that there were several major weather events that contributed to the insured losses.

Around 38 percent, or $15 billion, of all estimated insured losses from natural disasters in the first half, came from winter storm Uri in the U.S. in February. This was characterized by a period of extreme cold combined with heavy snowfall and ice accumulation.

In June, severe weather including thunderstorms, hail and tornadoes hit Germany, Belgium, the Netherlands, Czech Republic and Switzerland, causing an estimated $4.5 billion in insured losses, the Swiss Re Institute said.