The natural catastrophe protection gap

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Global cat losses totaled USD 337 billion in 2017, with 57% uninsured

- **Insured losses**: USD 144 bn (43%)
- **Uninsured losses**: USD 193 bn (57%)

Source: Swiss Re Institute
North America faced the highest economic and insured losses in 2017

An active hurricane season in the North Atlantic, and a series of wildfire, thunderstorm and severe rainfall events pushed global catastrophe claims to their highest level ever recorded in a single year.

Source: Swiss Re Institute
Over the past 50 years, the growth of economic losses has outpaced the growth of insured losses.

Source: Swiss Re Institute
Catastrophe modeling provides **expected** insured and uninsured losses from natural catastrophes

Catastrophe models estimate the global annual uninsured losses from future natural disaster events to be USD 153 billion.

The largest uninsured natural catastrophe exposures are in the US, Japan, and China.

Source: Swiss Re Institute
Many other economies are highly exposed as a % of GDP

Although the US is highest in terms of absolute uninsured value exposed…

- Smaller countries and emerging markets are likely to lose significant portions of GDP due to major catastrophes.
- Urbanization in emerging markets has contributed to higher property concentrations in risky areas.

One-in-100 year earthquake loss scenarios (% of GDP)

One-in-100 year storm loss scenarios (% of GDP)

Source: Swiss Re Institute
Natural catastrophe protection gap by region and peril, 1975-2014

- Average uninsured portions have been around 55% for windstorms, 86% for floods, and 90% for earthquakes.

Source: Swiss Re Institute
How can we close the underinsurance gap?

- Public/private collaboration
- Increase access and distribution
- Improve product design
- Mitigation, building standards, and zoning
The role of regulation

Continue data sharing efforts and compact-level innovation.

Expanding access will require better standard definitions for parametric products and the required proof of loss.

Improving product design is not only about Tech.

Regulation should not be seen as the main barrier.

Distribution models are changing – carriers and distribution no longer the same.
Thank you