

Press release

Wildfires and severe thunderstorms in the US drive global insured losses to USD 80 billion in first half of 2025, Swiss Re Institute estimates

- **First half of 2025 second costliest first half-year ever, driven by California wildfires and severe thunderstorms in the US**
- **California wildfires accounted for USD 40 billion of insured losses, highest-ever insured loss from a wildfire event**
- **With both North Atlantic hurricane season and wildfire season in progress, insured losses in 2025 could exceed Swiss Re Institute's projection of USD 150 billion**

Zurich, 6 August 2025 – Global insured losses from natural catastrophes reach USD 80 billion in the first half of 2025 according to Swiss Re Institute’s preliminary estimates. This is almost double the 10-year average and more than half of the USD 150 billion (in 2025 prices) projected for the full year, following the long-term annual growth trend of 5–7%. With natural catastrophe activity typically higher in the second half of the year, total insured losses for 2025 could therefore exceed the projection.

The wildfires that swept through parts of Los Angeles County in January constitute the largest-ever insured wildfire loss event by far, resulting in estimated insured losses of USD 40 billion. This exceptional loss severity was due to a prolonged Santa Ana winds season coupled with a lack of rainfall, allowing the fires to spread rapidly and destroy more than 16 000 structures in an area with some of the densest concentration of high-value single-family residential property in the US.

Losses from wildfires have risen sharply over the past decade as rising temperatures, more frequent droughts and changing rainfall patterns converge with suburban sprawl and high-value asset concentration. Before 2015, wildfire-related insured losses made up around 1% of all natural catastrophe claims. With eight of the ten costliest wildfire events on record occurring in the past ten years, the share of insured losses related to wildfires has increased to 7%.

Wildfires are an ever-present hazard in hot and dry regions with large areas of vegetation, such as there are in North America. The single biggest loss growth driver for this peril is increased exposure in such hazardous regions. Due to the combination of high hazard and high value asset

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concentration, most fire losses originate in the US and particularly in California, where expansion in hazardous regions has been high. Since 1990, exposure growth in the high-risk wildland urban interface (WUI) zones has outpaced exposure growth in non-WUI zones by a factor of 1.8 in the US, and by a factor of 1.9 in California.

Severe thunderstorms continue to be major loss driver

Insured losses from severe thunderstorms (severe convective storms, SCS) amounted to USD 31 billion in the first half of 2025. While the year saw several damaging thunderstorms with large hail and tornado outbreaks in the US, the overall SCS-triggered losses fell below both Swiss Re Institute's trend estimate of USD 35 billion and the record-breaking events of 2023 and 2024. Nevertheless, SCS continue to be a major driver of global natural catastrophe insured losses, with year-on-year volatility underscoring their persistent threat to property and infrastructure.

Urbanisation in hazard-prone areas, rising asset values and inflation have amplified the financial impact of severe thunderstorms. As exposure continues to grow and reconstruction becomes more expensive, Swiss Re Institute expects losses from this peril to increase over time.

Jérôme Haegeli, Swiss Re's Group Chief Economist, says: "The strongest lever to increase the resilience and safety of communities is to double down on mitigation and adaptation. It's here that everyone can help reduce losses before they occur. While mitigation and adaptation measures come at a price, our research shows that, for example, flood protection measures such as dykes, dams and flood gates are up to ten times more cost-effective than rebuilding."

Further examples for adaptation measures include enforcing building codes, strengthening zoning laws, increasing flood protection and discouraging settlement in areas prone to natural perils.

The magnitude 7.7 earthquake that hit Myanmar in March was a human tragedy, resulting in a high number of fatalities. Shockwaves were felt as far away as Thailand, India and China, causing estimated insured losses of USD 1.5 billion in Thailand alone.

Focus on hurricane season in second half of 2025

The second half of the year started with the warming effects of a major heat dome that led to temperatures in excess of 40°C in western and central Europe in late June, and with wildfire outbreaks in several countries. In the US, torrential rains led to catastrophic flash flooding in central Texas in July.

With the US season for SCS past its peak, the focus for the second half of the year shifts to the North Atlantic hurricane season that typically peaks in early September. Forecasts indicate near- to above-average activity, with three to five major hurricanes – above the long-term average of three.

For insurers and exposed communities, the key factor determining the scale of losses is where a hurricane hits. The 20-year anniversary of

Hurricane Katrina serves as a reminder that tropical cyclones, in particular major hurricanes, pose substantial risk to the eastern and Gulf Coasts of North America, as well as the Caribbean. For coastal communities, preparation and advance resilience are essential to minimise the impact.

Balz Grollmund, Swiss Re's Head Catastrophe Perils, says: "Reinsurers not only act as a shock absorber for peak risks. They also have a crucial role to help the world prepare and respond to the growing natural catastrophe risk by understanding, quantifying and transferring the risk. Their models and tools pave the way for partnerships in public and private sectors that provide innovative, practical answers and help communities get back on their feet faster."

With 60% of annual natural catastrophe insured losses historically occurring in the second half of the year, the period ahead remains fraught with uncertainty. Losses fluctuate greatly year-on-year, with random fluctuations mostly due to natural weather variability. Should current loss trends continue, global insured losses from natural catastrophes in 2025 could exceed Swiss Re Institute's projections of USD 150 billion in 2025 prices. However, this outcome remains contingent on the evolution of major perils in the coming months.

Total economic and insured losses in H1 2025 and H1 2024

USD billion	H1 2025	H1 2024	H1 10-y avg*	% change vs 10-y avg
Economic losses	143	130	106	35%
Nat cat	135	123	99	36%
Man-made	8	8	7	14%
Insured losses	87	69	47	85%
Nat cat	80	62	41	95%
Man-made	7	7	6	17%

*Note: H1 10-year average refers to the average first-half losses between 2015 and 2024

Source: Swiss Re Institute

How to order this *sigma* study:

The English version of the *sigma* insights, August 2025, "*Unseasonal fires trigger above-trend first-half 2025 natural catastrophe insured losses*", is available in electronic format. You can download it [here](#).

The English version of the *sigma* insights, June 2025, "*Hurricane Katrina: A watershed event for insurance*", is available in electronic format. You can download it [here](#).

"7 lessons learned from the California wildfires for European insurers" is available [here](#).

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