

Climate change presses on: Devastating wildfires and intense thunderstorms exacerbate losses for insurers

Natural disaster figures for 2025

- Costliest claims year to date regarding non-peak perils: Wildfires, flooding and severe thunderstorms account for almost all insured losses
- Insured losses once again above the US\$ 100bn mark; total global losses lower than the 10-year average
- Hurricane Melissa devastates Jamaica; USA dodges direct hurricane hit for first time in ten years
- Fatalities totalling 17,200 significantly higher than in 2024, but below long-term average
- Climate change does not let up: 2025 one of the warmest years ever



“The year got off to a rough start, with very high losses caused by the wildfires in Los Angeles. Sheer luck spared the United States from hurricane landfalls in 2025. But the country is still number one in loss statistics, owing to the increasing trend towards very considerable damage caused by non-peak perils.

We need to be realistic: Adapting to these risks is essential. In line with our new multi-year strategy Ambition 2030, Munich Re is ready to deploy its expertise and financial strength to take on even more natural disaster risks and strengthen the insurance safety net for the global economy.”

Thomas Blunck, Member of the Board of Management

The 2025 natural disasters in figures

Natural disasters caused significant losses worldwide in 2025. All in all, damage amounting to some US\$ 224bn was incurred, of which insurers covered around US\$ 108bn. This means that 2025 joins a growing list of years with insured losses

exceeding the US\$ 100bn mark, despite losses being lower year on year. In 2024, inflation-adjusted overall losses had totalled US\$ 368bn, of which US\$ 147bn had been insured. Weather disasters accounted for 92% of all 2025 losses and for 97% of insured losses.

Around 17,200 people lost their lives in natural disasters worldwide – significantly more than in the previous year (approximately 11,000), but below the 10-year average of 17,800 and 30-year average of 41,900.

The big picture was alarming with regard to floods, severe convective storms and wildfires in 2025. An increasing long-term impact is attributed to such non-peak perils, which led to total losses of US\$ 166bn last year – of which around US\$ 98bn was insured. The destruction caused by these perils was greater than the inflation-adjusted averages for the past 10 and 30 years (overall losses: US\$ 136bn/US\$ 90bn; insured losses: US\$ 60bn/US\$ 33bn). Scientists largely agree that such natural disasters are becoming more severe and more frequent in many parts of the world.

In view of these extreme losses, the world was clearly spared potentially far worse losses by chance alone in 2025. This applies particularly to no hurricane striking the US mainland, though severe storms did occur there. All in all, worldwide losses from natural disasters in 2025 came in below the inflation-adjusted averages for the past 10 years (US\$ 266bn). Insured losses mirrored the 10-year inflation-adjusted average of US\$ 107bn. Overall losses and insured losses alike in 2025 substantially exceeded the 30-year inflation-adjusted averages.

At around 50% of total losses, uninsured losses were lower than the 10-year average of around 60% due to the high percentage of insured losses attributable to the Los Angeles wildfires. Disregarding this loss event, the insurance gap matched the 10-year average.

The most devastating natural disasters of the year

The wildfires in the Los Angeles area in January constituted by far the costliest natural disaster of the year. A hazardous combination of drought and strong winter winds created ideal wildfire conditions. After the fires began in early January, storms fanned the flames farther and farther into the LA suburbs. Overall losses totalled around US\$ 53bn, including insured losses of roughly US\$ 40bn. It is the most expensive wildfire disaster to date; thirty people lost their lives.

The second most expensive natural disaster of the year per overall losses was a severe M7.7 earthquake in Myanmar. This was first and foremost a humanitarian tragedy, with around 4,500 fatalities. The earthquake – which occurred in the trembler-prone region home to the megacity of Mandalay – happened along the Sagaing Fault, which runs through Myanmar from north to south. Of the overall losses amounting to approximately US\$ 12bn, only a small share was insured. Even in Bangkok – approximately 1,000 km from the epicentre – there was earthquake damage mainly

attributable to the deep and soft alluvial soil beneath the Thai capital, which amplifies tectonic activity.

In terms of insured losses, severe thunderstorms spanning several days and impacting central and southern US states in March resulted in the second most expensive natural disaster of 2025. More than 100 tornadoes were identified – including a few in the second most severe category, EF4, with wind speeds far above 200 km/h. Losses amounted to around US\$ 9.4bn, of which US\$ 7bn was insured.

Hurricanes and typhoons: an unusual cyclone season

Three hurricanes of the highest category 5 developed in the tropical North Atlantic in 2025. There had not been so many extreme hurricanes here since 2005, when the New Orleans region was devastated by Hurricane Katrina – which remains one of the costliest natural disasters of all time.

Jamaica was hit hard by one of the category 5 storms, with Hurricane Melissa generating maximum wind speeds of nearly 300 km/h. It was one of the strongest hurricanes to make landfall since record-keeping began. Melissa tracked slowly through the Caribbean, absorbing energy from the very warm waters. The storm caused devastating destruction in Jamaica and severely impacted Cuba. Although advance warnings enabled many people to evacuate, some 100 people died nevertheless. Aggregate losses amounted to around US\$ 9.8bn, of which around US\$ 3bn was insured.

By contrast, no hurricane struck the US mainland for the first time in ten years. Unusual meteorological conditions, such as an Azores–Bermuda high-pressure area located farther east than is typical, forced most strong storms to veer north-east rather quickly, away from the US mainland.

In the north-western Pacific, many cyclones tracked quite far south. Japan was consequently spared by typhoons for the most part. Conversely, Southeast Asian countries were impacted more often than usual, including Thailand, Vietnam, Indonesia, the Philippines and China. In addition, the storms coincided with a very intense rainy season. Many regions experienced multiple downpours, with hundreds of mm of precipitation falling quickly; 1 mm of rainfall corresponds to one litre per square metre. This led to severe flooding in several countries.

Tropical cyclones in 2025 caused around US\$ 37bn in worldwide losses, of which about US\$ 6bn was insured. Thanks to no hurricanes making landfall in the United States, last year's loss totals were significantly below the 10-year and 30-year averages, adjusted for inflation (overall losses US\$ 106bn/US\$ 69bn; insured losses US\$ 42bn/US\$ 26bn).

Climate change and its consequences

With respect to natural disasters in 2025, it is striking how many extreme events were likely influenced by climate change. This was true of the Los Angeles wildfires, multiple particularly strong hurricanes in the North Atlantic and many catastrophic floods. Numerous studies have indicated that climate change increases the frequency or severity of weather disasters – if not both.

Tobias Grimm, Munich Re's Chief Climatologist: "A warming world makes extreme weather disasters more likely. Given that 2025 was another very warm year, the past 12 years have been the warmest on record. The warning signs persist. Indeed, under the prevailing circumstances climate change can worsen further."

Geographical overview:

Americas

As in previous years, North America (including Central America and the Caribbean) dominated the loss statistics. Overall losses totalled US\$ 133bn, of which approximately US\$ 93bn was insured (10-year average: US\$ 156bn/US\$ 83bn).

Losses were mainly attributable to the wildfires in Los Angeles, Hurricane Melissa, and a number of severe thunderstorms involving heavy precipitation, tornadoes and/or hail. Such severe thunderstorms regularly cause annual losses totalling many tens of billions, especially in the USA. This is challenging for insurers, as a relatively high percentage of such storm losses is insured. Aggregated severe thunderstorm losses in the United States amounted to US\$ 56bn in 2025, of which US\$ 42bn was insured – significantly higher than the 10-year average (overall losses: US\$ 39bn; insured losses: US\$ 29bn).

Europe

Europe got off rather lightly in 2025, with natural disaster losses coming in at about US\$ 11bn – of which around half was insured (10-year average: US\$ 35bn/US\$ 12bn). The most expensive events here comprised a severe cold wave in Türkiye (overall losses of US\$ 2bn, US\$ 0.6bn insured) and hailstorms in France, Austria and Germany (US\$ 1.2bn/US\$ 0.8bn).

In Spain, heat and drought in August were followed by the worst wildfires and bushfires in many years. According to data from the European Forest Fire Information Systems (EFFIS) almost 400,000 hectares of land burned over the course of the year – nearly five times the annual average between 2006 and 2024, and much higher than the record during this same period.

Asia-Pacific and Africa

In the Asia-Pacific region, natural disasters resulted in overall losses amounting to roughly US\$ 73bn; this is above the 10-year average of US\$ 66bn. Only US\$ 9bn was insured. In many lower-income countries, insurance penetration remains below 5%.

In addition to the earthquake in Myanmar and a series of severe floods during the monsoon season in autumn, flooding in north-eastern China led to aggregate losses of US\$ 5.8bn. Less than US\$ 0.5bn was insured.

Tropical Cyclone Ditwah was Asia-Pacific's third costliest natural disaster last year, with devastating consequences for Sri Lanka and India in particular. After forming in the northern Indian Ocean in late November, Ditwah caused total losses of around US\$ 4bn, of which less than US\$ 0.5bn was insured. Although the winds were not very destructive, intense precipitation unleashed extreme flooding and landslides, especially in Sri Lanka. Some 650 people perished.

Almost simultaneously, a noteworthy storm emerged in the Strait of Malacca. Tropical Cyclone Senyar was the first tropical storm on record to form in the body of water between Malaysia and the Indonesian island of Sumatra – close to the equator, where cyclones typically do not originate. Although Senyar was not an especially strong storm, it did result in extreme rainfall for Sumatra and Malaysia, in particular. More than 1,000 people were killed.

In Australia, 2025 was the second most expensive year since 1980 in terms of overall losses caused by natural disasters. Both Cyclone Alfred in February and flooding in May resulted in damage; the thunderstorm season, which kicked off in October and November with severe storms and hail, likewise led to losses.

Natural disasters in Africa resulted in losses of approximately US\$ 3bn, less than a fifth of which was insured. This figure does not reflect losses attributable to heat waves or droughts, as is the case for data across all regions worldwide. More than half of all losses in Africa were caused by three severe cyclones. One hit the French island of Réunion in February; the other two cyclones impacted Madagascar and Mozambique in January and March. Nearly half of the US\$ 0.9bn in Réunion losses was insured, while virtually none in Mozambique were.

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