2026-8-12

Ins

WSJ Print Edition

Record heat and dry conditions in June increased the likelihood of an active European wildfire season, a report from Swiss Re's research arm said. Damage from a wildfire in Spain. OSCAR DEL POZO/ AFP/ GETTY IMAGES

Insurance Risks Stay High As Wildfire Threat Climbs

BY MICHAEL HENNESSEY

Estimated natural-catastrophe losses in the insurance industry fell sharply in the first half of 2026, but wildfires and weather events still pose heightened risks, **Swiss Re's**

research arm said.

The Swiss Re Institute warned Tuesday that wildfire risk is the fastest-growing weather peril globally. Record heat and dry conditions in June increased the likelihood of an active European wildfire season, it added.

"Europe's recent wildfires highlight how hotter and drier conditions are making large wildfires more likely and, with more homes, businesses and infrastructure built in risk-exposed areas, also more costly," Balz Grollimund, head of catastrophe perils at Swiss Re, said.

Note

In the first half of 2026, insured losses from natural catastrophes were estimated at $42 billion, down from $91 billion a year before, according to the Swiss Re Institute. The figure marked the lowest firsthalf total since 2020—at the height of the Covid-19 pandemic— and was also 16% below the 10-year average of $50 billion, the institute said.

Losses from severe convective storms were below the long-term trend in the first half but remained the biggest insured-loss driver.

The total natural-catastrophe economic loss in the first half fell to $100 billion from $152 billion and was 10% below the 10-year average, the Swiss Re Institute said.

Note

A quieter first half of the year for natural-catastrophe losses doesn't necessarily mean a calmer year, as insurance losses are typically more weighted toward the second half, driven by the hurricane season in the North Atlantic, the institute said.

"The long-term upward trend in insured losses is intact, driven by growing exposure, rising asset values, and changing hazard patterns," the institute added.

El Niño weather conditions, which have developed this year, usually suppress Atlantic hurricane activity. However, the institute said that the weather pattern could influence tropical cyclone activity in the central and east Pacific and could change the risk of floods, wildfires and other extreme weather elsewhere.

In Europe, insured wildfire losses have increased by an estimated 8% to 11% a year in real terms since 1970, according to the Swiss Re Institute.

"Fire seasons are becoming longer, while conditions conducive to wildfires are becoming more frequent and affecting regions historically less exposed."
