

2008 Half-Year Natural Catastrophes Figures Above Average

by NAMIC

This year will probably go down in history as a year with one of the highest numbers of victims and insured losses in the wake of natural catastrophes. More than 150,000 lives have been lost between January and June, while overall losses so far total about \$50 billion. The insured losses are substantial and above the average of the last 10 years.

“The Sichuan and Myanmar tragedies show that risk awareness and measures designed to afford protection against such catastrophes in highly exposed regions must be given high priority by the respective governments,” says Munich Re board member Torsten Jeworrek.

Sichuan Province is highly earthquake prone, and a magnitude 7.9 earthquake like the one on May 12 was within the range to be expected on the basis of Munich Re experts' risk models. Therefore, measures like adapting the building regulations in such regions could save many human lives and money.

Altogether, the first half of the year “like the previous years” was marked by a large number of weather-related natural catastrophes. “To this extent, the year is following the long-term trend towards more weather catastrophes, which is influenced by climate change,” Jeworrek says. “As one of the world's leading reinsurers, we have the core competence for underwriting natural hazard risks. In addition, with innovative products and new coverage concepts, we can support not only adaptation mechanisms but also the development of climate protection technologies.”

Munich Re's NatCatSERVICE database reports that about 400 natural catastrophes were analyzed until June “300 of which were attributable to weather extremes. Overall losses (including about \$20 billion due to the Sichuan earthquake) total roughly \$50 billion, with insured losses coming to about \$13 billion. For purposes of comparison, in 2007 as a whole, 960 natural catastrophes generated overall losses of \$82 billion, of which the insurance industry carried about \$30 billion.

The United States was hit by a large number of weather extremes in the first half of 2008. There have never been so many tornadoes recorded in the first six months of a year; heavy rain and hail and subsequent flooding in Iowa and other Midwestern states caused billion dollar losses, which also had a significant impact on the insurance industry. The overall loss caused by the floods along the Mississippi River and elsewhere is likely to be around \$10 billion, with an insured loss in the upper three-digit million dollar range.

“Adaptation to the effects of climate change is one way of limiting many losses. Additionally, the battle against climate change calls for ambitious measures which, as evidenced by a new study commissioned by the German Federal Ministry for the Environment, are to be regarded economically as growth drivers,” said professor Peter Häppel, the head of Geo Risks Research at Munich Re.

Source: Munich Re Group

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