



Münchener Rück
Munich Re Group

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High death toll marks the 2008 half-year natural catastrophes figures

2008 will probably go down in history as a year with one of the highest numbers of victims of natural catastrophes. The earthquake in the Chinese province of Sichuan, the cyclone in Myanmar, and other natural catastrophes between January and June claimed the lives of more than 150,000 people. That is a higher number of deaths than in the full years since 2004, the year of the tsunami in South Asia. There were about 400 natural catastrophes worldwide up until the end of June. The largest number of events ever recorded in one year was 960 – and that was in 2007. Overall losses so far in 2008 total about US\$ 50bn. The insured losses are substantial and above the average of the last ten 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 Board Member Torsten Jeworrek. Sichuan Province is highly earthquake-prone, and a Magnitude 7.9 earthquake like the one on 12 May 2008 was within the range to be expected on the basis of Munich Re experts' risk models. Measures like adapting the building regulations in such regions could therefore save many human lives.

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 continued. "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."

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The year so far in the statistics of Munich Re's NatCatSERVICE database: About 400 natural catastrophes were analysed until June, 300 of which were attributable to weather extremes. Overall losses (including about US\$ 20bn due to the Sichuan earthquake) total roughly US\$ 50bn, with insured losses coming to about US\$ 13bn. For purposes of comparison, in 2007 as a whole, 960 natural catastrophes generated overall losses of US\$ 82bn, of which the insurance industry carried about US\$ 30bn.

The United States was hit by a large number of weather extremes in the first half of the year. 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 Midwest states caused billion-dollar losses, which also had a significant impact on the insurance industry. The overall loss caused by the floods on the Mississippi and elsewhere is likely to be around US\$ 10bn, 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 Prof. Peter Höpfe, the Head of Geo Risks Research at Munich Re.

The figures were presented at the 2008 Natural Catastrophe Update webinar on 8 July, 6 p.m CEST, hosted by Munich Re America and the Insurance Information Institute. The full presentation can be downloaded from the Munich Re America website (<http://www.munichreamerica.com>).

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