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Heavy losses due to severe weather in the first six months of 2009

The natural catastrophe figures for the first six months of 2009 were marked by heavy losses due to severe weather in areas with a high insurance density. Insured losses were US\$ 11bn, somewhat above the average for the same period in the past ten years. Economic losses were below average, at US\$ 25bn (average for the past ten years: US\$ 42bn). The loss figures include a substantial number of weather-related natural catastrophes in Europe and the USA, which explains the relatively high ratio of insured to economic losses.

Normally, natural catastrophe losses are lower in the first six months than in the rest of the year, most occurring in the second half of the year, during the North Atlantic Hurricane season. Between January and June 2009, there were 380 natural catastrophes worldwide, which is more or less in line with the average for the past ten years. Although the death toll was regrettably 3,000, the number of fatalities was well below average.

Winter Storm Klaus, which hit northeast Spain and southwest France between 23 and 25 January with winds of up to 195 km/h, ranks as the costliest natural catastrophe so far this year. The storm produced metre-high waves on the Atlantic coast, and resulted in considerable loss and damage to buildings and vehicles. About a million people suffered power cuts. Although the area affected was relatively small by winter-storm standards, insured losses nevertheless amounted to US\$ 2.3bn, with overall direct economic losses standing at around US\$ 3.8bn.

The earthquake at L'Aquila in Italy on 6 April, in which well over 10,000 homes were destroyed or damaged, resulted in an economic loss of US\$ 2.5bn. The insured loss was comparatively low (US\$ 260m) due to the low insurance density. The death toll from the 6.3 earthquake was 295.

Contact:

Michael Able
Tel.: +49 (0) 89 38 91-29 34
Fax: +49 (0) 89 38 91-7 29 34
E-mail: mable@munichre.com
www.munichre.com

Münchener Rückversicherungs-
Gesellschaft
Aktiengesellschaft in München
Media Relations
Königinstrasse 107
80802 München
Germany

Severe weather, tornadoes, hail and a number of other natural catastrophes that hit the USA and Europe caused significant property damage. In the devastating bushfires that struck southeast Australia at the end of January and beginning of February, 173 people died and economic losses amounted to US\$ 1.3bn. Prof. Peter Höppe, Head of Munich Re's Geo Risks Research: "These were Australia's worst bushfires for decades. And, due to climate change, heatwaves with long periods of drought, and consequently the risk of such fires, will further increase in future."

Finally, torrential rain in southern Germany, Austria and southeast Europe caused economic losses of approx. US\$ 500m in late June when moisture-laden air masses caused by Qinton, a low-pressure system, skirted the eastern edge of the Alps. Some Alpine regions suffered their heaviest precipitation for 50 years. The Czech Republic and Austria were among the countries worst affected as rivers flooded.

Board member Torsten Jeworrek: "Natural catastrophes so far this year have not been excessive. However, events like Winter Storm Klaus, which caused quite substantial losses over a relatively limited area, reinforce our strictly risk-based underwriting policy. Our Geo Risks Research experts keep a close watch on natural catastrophe loss trends, whether driven by increasing values in exposed areas or by changes due to global warming. This enables us to offer our clients customised reinsurance covers and at the same time control our own risks."

The natural catastrophe statistics for the first six months of 2009 will be presented on 27 July, at 5 p.m. CEST, in an online seminar given by Munich Re America in cooperation with the Insurance Information Institute.

Media Relations Munich, Michael Able
Tel.: +49 (0) 89 38 91-29 34

Media Relations Asia, Nikola Kemper
Tel.: + 852 2536 6936

Media Relations USA, Terese Rosenthal
Tel.: + 1 609 243 4339

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