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Press release

First half of 2010 marked many severe natural catastrophes

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The first half of 2010 was marked by an exceptionally large number of natural catastrophes and the scale of the losses they caused. From January until the end of June, 440 events were registered, the second highest figure for this period since 2000, and overall losses of US\$ 70bn were recorded. This figure already exceeds the total for 2009 as a whole and is well above the first-half average for the past ten years. Insured losses were US\$ 22bn, more than double the first-half average since 2000 and even higher than the figure for 2008, when the previous record for first-half losses was set.

Prof. Peter Höppe, Head of Munich Re's Geo Risks Research: "Following a relatively benign 2009, the first six months of this year were marked by three natural catastrophes ranked as great." This is the term used by Munich Re to describe events entailing billions in losses or several thousand fatalities.

The Haiti and Chile earthquakes in particular rank among the most devastating events ever recorded, based on a number of parameters. On 12 January, Haiti was struck by an earthquake in which some 223,000 people died, one of the highest death tolls on record, and 1.2 million were left homeless. The epicentre of the main quake, of magnitude 7, which lasted barely a minute, lay some 25 kilometres southwest of the capital, Port-au-Prince. Overall losses were huge relative to the country's economic strength but insured losses (US\$ 150m) were minimal due to low insurance penetration.

The situation following the earthquake in Chile on 27 February was a very different one. The magnitude 8.8 quake, with its epicentre around 100 kilometres northeast of the city of Concepción, was the fifth largest ever measured. It released 500 times the energy of the Haiti earthquake but the death toll (521) was much lower. Prof. Höppe: "That shows how important and effective it is to offer people as much as protection as possible using modern, earthquake-resistant construction standards".

It was nevertheless the second most expensive earthquake on record, with insured losses of some US\$ 8bn due to high insurance penetration levels in Chile's commercial and industrial sectors. Overall losses amounted to US\$ 30bn. The third great natural catastrophe of the first six months of the year was the earthquake that struck China in April, claiming 2,700 lives.

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Besides 55 geophysical events (including the eruption of the volcano Eyjafjallajökull on Iceland in March, which led to tens of thousands of flight cancellations), 385 weather-related natural catastrophes caused significant losses. The costliest single event was Winter Storm Xynthia, which hit the Canary Islands and then swept across the Iberian Peninsula, France and parts of central Europe on 26-28 February. Winds of nearly 240 km/h were recorded over the Pyrenees. Overall losses amounted to US\$ 4.5bn and insured losses to US\$ 3.4bn.

Other notable weather-related catastrophes during the first six months of 2010 were floods and landslides following torrential rainfall in Madeira in February, violent storms that produced heavy flooding in several US states in the first half of May, severe floods in central Europe in June and widespread flooding in China, which is still ongoing. Global warming is expected to increase the number of weather events of this type.

Torsten Jeworrek, Munich Re's Reinsurance CEO: "In the first six months, we recorded an exceptionally large number of substantial major losses. However, our core business is to help insure and carry natural catastrophe losses. This is an area where we benefit substantially from the know-how of our Geo Risks Research experts. They analyse and evaluate loss trends using the world's largest natural-catastrophe loss database, thus enabling us to calculate prices commensurate with the risks, which is the cornerstone of our underwriting."

The natural catastrophe statistics for the first six months of 2010 will be presented on 7 July, at 5.00 p.m. CEST (11.00 a.m. EST), in a webinar given by Munich Re America in cooperation with the Insurance Information Institute (iii).

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