

Munich, 09 July 2014

Press release

Comparatively few major natural catastrophe losses in first half-year

Contact
Media Relations Munich,
Michael Able
Tel.: +49 (89) 3891-2934
Fax: +49 (89) 3891-72934
mable@munichre.com

**Münchener Rückversicherungs-
Gesellschaft**
Aktiengesellschaft in München
Media Relations
Königinstraße 107
80802 München
Germany
Letters: 80791 München

www.munichre.com
<http://twitter.com/munichre>

The statistics for natural catastrophes for the first half of 2014 have been marked by pleasingly low levels of global claims. Overall economic losses of US\$ 42bn and insured losses of US\$ 17bn to the end of June were considerably below the average for the past ten years (US\$ 95bn and US\$ 25bn respectively). Thankfully, the number of deaths caused by natural catastrophes was also comparatively low. However, towards the end of the year the natural climate phenomenon El Niño may impact regions differently in terms of the number and intensity of weather extremes.

During the first half of the year, 2700 people died as a result of natural catastrophes, which was much lower than is normal during the first six months of a year (10-year average: 53,000). There were around 490 loss-relevant natural catastrophes. The highest economic losses arose in the USA (35%), followed by Europe and Asia (30% each).

“Of course, it is good news that natural catastrophes have been relatively mild so far”, said Torsten Jeworrek, Munich Re’s Board member responsible for global reinsurance business. “But we should not forget that there has been no change in the overall risk situation. Loss minimisation measures must remain at the forefront of our considerations. They make absolute sense from a macroeconomic perspective, as lower subsequent losses mean that they mostly generate savings of several times the investment amount. And they protect human lives.”

The effect of loss susceptibility on claims was clearly demonstrated by two snowstorms in Japan. These storms in February, which hit Tokyo and central Japan in particular, brought overall losses of around US\$ 5bn and insured losses of more than US\$ 2.5bn, and were the most costly natural catastrophe worldwide in the first half of the year. Snowfalls of up to a metre are very unusual in the affected provinces in Japan, though they would cause very few problems in other countries. There were numerous accidents, and the roofs of many halls and greenhouses collapsed under the weight of the snow.

The record winter in North America also caused significant losses, with extremely cold temperatures and heavy snowfalls over a longer period in many

parts of the USA and Canada. The losses from various blizzards totalled around US\$ 3.4bn. The most costly snowstorm was in the first week of January: losses for this storm alone totalled US\$ 2.5bn, of which US\$ 1.7bn was insured. In many instances the harsh winter also had a heavy impact on business, as companies were forced to stop production. At the end of January, a blizzard brought the Atlanta metropolitan area almost to a standstill, even though only a few centimetres of snow had fallen. Snow and ice made the highways impassable, as there was a lack of snow-clearing equipment for a city unused to such conditions.

According to Peter Höpfe, Head of Munich Re's Geo Risks Research Department, there is a link between the weather extremes in the northern hemisphere this winter. "These extremes – with heavy winter conditions in North America and Asia, and the extraordinarily mild winter across large parts of Europe – were due to significant and lengthy meanders in the jet stream", said Höpfe. "And scientists are still having intense debates about whether such sustained changes to patterns in the jet stream – and therefore also the frequency of such extreme and persistent weather conditions – might increase in the future due to climate change."

The mild winter in Europe contributed to the heavy floods in England that lasted into February. As it was mainly rural areas that were affected, overall losses remained within an acceptable limit of US\$ 1.3bn (€960m) and insured losses were around US\$ 1.1bn (€800m).

In May, heavy flooding in the Balkans as far east as Romania caused very high economic losses. It is not unusual to have intense rainfall in these countries in the spring, but the low-pressure system Yvette produced abnormally heavy and persistent rainfall. In many places, precipitation reached the highest levels ever registered since records began more than 100 years ago. High flood levels, particularly on the rivers Sava, Bosna and Danube caused overall economic losses of US\$ 4bn (€3bn), making this the second most costly natural catastrophe in the world in the first half of the year. However, the relatively low level of insurance penetration meant that insured losses were not very high.

A storm front that passed over western Germany on 9 June caused high insured losses. There was localised heavy damage caused by wind squalls and hailstones, particularly around Düsseldorf. Overall, insured losses were US\$ 890m (€650m), and overall losses amounted to around US\$ 1.2bn (€880m). The storm front had previously passed through France and Belgium, causing major damage in the Yvelines département of France. Overall losses in the various countries amounted to US\$ 3.1bn (€2.3bn), of which US\$ 2.5bn (€1.8bn) was insured.

The tornado season in the USA, which peaks from May to July, has been below average so far. The US weather agency NOAA recorded 721 tornadoes until end of June, in comparison to an average of 1,026 in the years 2005–2013. However, some tornado outbreaks caused significant damage. Videos filmed on 17 June showed an extremely rare twin tornado in the State of Nebraska. The

09 July 2014
Press release
Page 3/4

two tornadoes were both classified at the second-highest scale 4, with wind speeds of over 260 km/h, and they caused serious damage in the small town of Pilger.

Over the rest of the year, weather events will probably see increasing impact from ENSO, a naturally occurring phenomenon that involves fluctuating ocean temperatures in the equatorial Pacific. "With the contrary effects of El Niño and La Niña, ENSO can influence weather patterns in many parts of the world", said Höpfe. "It currently looks as though a moderate El Niño will develop by the autumn, with warm water from the South Pacific moving from west to east, thus shifting wind systems and precipitation across the Pacific basin."

Hurricane activity in the northern Atlantic normally decreases during El Niño phases. The number of typhoons in the northwest Pacific usually increases, but they make landfall more rarely. Tornado activity increases in the USA. "This gives a different distribution of losses across regions. Globally, our loss database NatCatSERVICE records no significant differences in overall losses in moderate El Niño years when compared to neutral years, whereas losses are significantly lower in years with a strong El Niño", said Höpfe. The stronger the El Niño, the more likely it is that there will be a La Niña in the following year, when hurricane activity tends to increase.

Note: Charts, statistics and an infographic on the El Niño phenomenon can be downloaded at <http://www.munichre.com/en/media-relations/publications/press-releases/2014/2014-07-09-press-release/index.html>

Note for the editorial staff:
For further questions please contact

Media Relations Munich, Michael Able
Tel.: +49 (89) 3891-2934

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

Media Relations North America:
Beate Monastiridis-Dörr
Tel.: +1 (609) 235-8699
Terese Rosenthal
Tel.: +1 (609) 243-4339

Munich Re stands for exceptional solution-based expertise, consistent risk management, financial stability and client proximity. This is how Munich Re creates value for clients, shareholders and staff. In the financial year 2013, the Group – which combines primary insurance and reinsurance under one roof – achieved a profit of €3.3bn on premium income of over €51bn. It operates in all lines of insurance, with almost 45,000 employees throughout the world. With premium income of around €28bn from reinsurance alone, it is one of the world's leading reinsurers. Especially when clients require solutions for complex risks, Munich Re is a much sought-after risk carrier. Its primary insurance operations are concentrated mainly in the ERGO Insurance Group, one of the major insurance groups in Germany and Europe. ERGO is represented in over 30 countries worldwide and offers a comprehensive range of insurances, provision products and services. In 2013, ERGO posted premium income of €18bn. In international healthcare business, Munich Re pools its insurance and reinsurance operations, as well as related services, under the Munich Health brand. Munich Re's global investments

09 July 2014
Press release
Page 4/4

amounting to €209bn are managed by MEAG, which also makes its competence available to private and institutional investors outside the Group.

Disclaimer

This press release contains forward-looking statements that are based on current assumptions and forecasts of the management of Munich Re. Known and unknown risks, uncertainties and other factors could lead to material differences between the forward-looking statements given here and the actual development, in particular the results, financial situation and performance of our Company. The Company assumes no liability to update these forward-looking statements or to conform them to future events or developments.

Munich, 09 July 2014

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