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Unusual weather patterns, severe winter, drive estimated insured natural catastrophe losses of US\$ 8bn in North America in first half of 2015; globally, earthquakes and heatwave take a toll

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In North America, natural catastrophes in the first half of the year caused overall losses of approximately US\$ 12bn, of which insurers bore US\$ 8bn.

“The costliest global natural catastrophe for the insurance industry in the first half of the year was a series of exceptionally cold and snowy winter storms that struck the Northeastern US and Canada at the end of February, often leading to widespread power outages. Boston, alone, received almost ten feet of snow over the winter months – an absolute record,” said Tony Kuczinski, President and CEO of Munich Reinsurance America, Inc. “The insured loss from the February storms was US\$ 1.8bn, with total losses of US\$ 2.4bn. The fact that, once again, tens of thousands of people were temporarily left without electricity shows that the US simply must invest in stronger, more weather resilient, infrastructure.”

There were direct overall losses of US\$ 4.3bn in the US from the harsh winter of 2014/15, of which US\$ 3.2bn was insured. This figure does not include indirect losses due to delayed flights, power failures and business interruptions. The shorter period from January to the end of the winter accounted for US\$ 3.8bn overall losses and US\$ 2.9bn of insured losses.

The patterns for weather catastrophes were somewhat unusual. Due to the very cold and long winter, the tornado season in the US began somewhat later than usual with just a few storms. But from May on, the number of severe storms increased significantly, with tornadoes up to the second highest category of EF-4, and with wind speeds of up to 300 km/h. As of July 1, the number of registered tornadoes, at 830, was below the average for 2005–2014 (1,008).

Between April and June, there was a series of severe weather events in the Southern US, which were fairly unusual for the region in terms of their severity. Each resulted in losses of over US\$ 1bn, of which approximately US\$ 0.75bn was insured. In the first six months, losses in the US from severe weather events like these, in some cases accompanied by tornadoes or hail, caused losses of US\$ 6.5bn, of which US\$ 4.8bn was insured.

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According to Dr. Peter Hoeppe, Head of Geo Risks Research at Munich Re, the development of many weather-related events this year is consistent with the current form of the ENSO climate oscillation in the Pacific, which influences various weather extremes in many parts of the world. We are currently experiencing moderate to strong El Niño conditions, in which severe thunderstorms with tornadoes happen more often in the Southern US. In addition, very strong tropical cyclones in the Pacific occur more frequently with these conditions, whereas the development of hurricanes in the North Atlantic tends to diminish.

The currently already intense El Niño phase is expected to become even stronger as we head into the autumn, and then to abate at the beginning of next year. The stronger an El Niño is, the more likely it is that the ENSO oscillation will switch to a La Niña phase in the following year. The influences on the different weather extremes then tend to be reversed.

"So the trends for 2015, with a large number of severe weather events in the South of the US, and little hurricane activity in the North Atlantic so far, could therefore be expected," explained Dr. Hoeppe. "Likewise, the severity of the heatwave in India and Pakistan was probably partially influenced by the El Niño conditions."

At the same time, he warned against sounding the all-clear for the 2015 hurricane season. Hurricane Andrew, for example, struck in 1992 in what had been a generally very quiet season, yet it was one of the most severe tropical cyclones ever recorded. With overall losses of US\$ 26.5bn, of which US\$ 17bn was insured, Andrew remains the fourth costliest storm in history, even adjusted for inflation. "The El Niño phase has an influence on hurricane activity, but not on whether and where a storm makes landfall. So if a severe storm should develop and hit land, losses of an equal magnitude are possible," said Hoeppe.

The review of natural catastrophes for the first half of 2015 was characterized by the earthquake in Nepal and by the heatwave that affected India and Pakistan. Some 12,000 people fell victim to these two natural catastrophes.

Other global natural catastrophe highlights for the first half of 2015 include:

- A total of over 16,000 people died in severe weather events and earthquakes, which was much greater than in the previous year (2,800), but far lower than the average for the past 30 years (27,000).
- The overall losses and insured losses were below long-term average values. Total losses in the first half of 2015 incurred were US\$ 35bn, whereas the average value for the last 30 years is approximately US\$ 64bn when adjusted for inflation. Insured losses for this year so far have been US\$ 12bn, compared with a long-term average of US\$ 15bn.
- On April 25, a magnitude 7.8 earthquake caused catastrophic devastation throughout Nepal. 8,850 people were killed, and many cultural heritage

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sites were destroyed. It was the natural catastrophe with the largest number of fatalities in the first half of the year, and also the most severe event in terms of overall losses. These totalled US\$ 4.5bn, of which only US\$ 140m was insured. Total losses accounted for almost a quarter of Nepal's annual gross domestic product. 230 additional people lost their lives in a 7.3 magnitude earthquake two and a half weeks later.

- The costliest natural catastrophe in Europe was winter storm Niklas, which swept across large areas of central Europe in the closing days of March, with wind speeds peaking at approximately 200 km/h. A large number of buildings and vehicles were damaged. The overall loss was US\$ 1.4bn (€ 1.3bn), of which around US\$ 1bn (€ 900m) was insured. Generally speaking, with 13 winter storms (9 in 2015), the season in Europe was a relatively active one compared with the long-term seasonal average of 4.6.
- At the close of the first half of the year, there was an exceptionally strong heatwave in India and Pakistan that caused the deaths of 3,600 people. While heatwaves in the region are not uncommon before the start of the monsoon season, the temperatures, which climbed as high as 47°C, were exceptional.

More Information

Please [click here](#) for more information and about natural catastrophes for the first half of 2015.

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