

Thunderstorms, cyclones and heatwaves: the natural disaster figures for the first half of 2019

- Cyclones in Mozambique and India with high casualty numbers and losses in the billions of dollars once again illustrate the urgent need for improved resilience against the consequences of natural disasters.
- Tornadoes in the USA, severe thunderstorms in Europe and floods in Australia were the costliest natural disasters in industrialised countries.
- Due to random factors, overall global losses in the first six months were lower than the long-term average.



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“When looking at the first half of 2019, disasters in poorer countries are worrying because the victims so often have virtually no insurance cover. Cyclone Idai, which hit Mozambique, was in relative terms worse for that country than the Tohoku earthquake – the costliest natural disaster on record – was for Japan in 2011. Almost nothing was insured, so that very few of the people affected were able to obtain prompt financial assistance for the loss of their belongings. Experience has shown that such countries often take years to recover from disasters. The insurance industry therefore needs to promote partnerships with governments and development banks to provide greater assistance to countries like Mozambique.”

Torsten Jeworrek, member of the Board of Management

Overview of natural disaster figures for the first half of 2019

- A total of 370 loss events produced overall losses of US\$ 42bn, which, after adjustment for inflation, is lower than the 30-year average of US\$ 69bn. However, the losses from the severe floods in southeast China, which began in June and reportedly caused billions of dollars in damage, are not included in this figure.
- Insured losses came to US\$ 15bn, which is below the long-term average of US\$ 18bn. For many events, the insured portion of the overall economic loss was extremely small due to low insurance penetration in many of the affected countries.
- Around 4,200 people lost their lives in natural disasters. This figure is similar to that of the previous year (approximately 4,300). But at least the trend towards fewer casualties has continued, thanks to more effective protection measures: the 30-year average for the same half-year period is more than 27,000 fatalities.
- The deadliest disaster worldwide up to the end of June was Cyclone Idai, which swept across Mozambique, Malawi, Zimbabwe and South Africa from 9 to 14 March. More than 1,000 people were killed.
- In May, thunderstorms with tornadoes in the Midwestern US produced the heaviest losses, at US\$ 3.3bn. The insured portion came to around US\$ 2.5bn.

Billion-dollar losses in poorer countries – Partnerships needed

A striking feature of the loss statistics for the first half of 2019 is the high proportion of losses affecting poorer countries. Three of the five costliest disasters affected emerging and developing countries. These included a flood disaster in Iran (overall losses of US\$ 2.5bn), and storm and flood losses from Cyclone Fani in India and Bangladesh in May (US\$ 2.2bn).

Mozambique, one of the world's poorest countries, was particularly hard hit. In March, Cyclone Idai made landfall near the port of Beira (500,000 inhabitants). With wind speeds of approximately 170 km/h, the storm wrecked a huge number of homes and buildings, most of which were quite simple structures. In addition, in combination with the heavy rainfall, the flood wave from the storm triggered flooding over the flat coastal terrain that extended far inland. Overall losses in Mozambique and neighbouring countries came to approximately US\$ 2bn. The loss in Mozambique is equivalent to around one tenth of the country's GDP – an enormous burden. By way of comparison: the Tohoku earthquake in Japan in 2011 caused direct losses of US\$ 210bn, corresponding to roughly 3.4% of Japan's GDP. Just a few weeks later, Mozambique was again hit by another cyclone, this time Cyclone Kenneth, which made landfall further north in a less populated area. Losses totalled around US\$ 230m.

Ernst Rauch, Chief Climate and Geoscientist at Munich Re, had this to say: "In the Caribbean, for example, insurance solutions in cooperation with governments and development banks have been able to provide financial assistance before international aid programmes can get off the ground. A similar solution would also make sense for Mozambique. But it is absolutely essential to take more effective preventive measures in industrialised countries as well. We are working systematically at improving our analysis tools so that we can assess risks more accurately and then develop new solutions to allow us to assume risks."

Numerous severe thunderstorms in USA

In the USA, a series of severe thunderstorms in the spring caused high losses. The tornado season was considerably more active than usual, particularly in May: according to NOAA, the US weather service, over 1,200 tornadoes had been counted by the end of June. This is roughly a fifth more than the 2005–2015 average for the same half-year period. Despite a very active tornado season, losses from a series of severe convective storms during the first six months of 2019 amounted to nearly US\$ 7.5bn, well below the US\$ 10bn average over the past decade.

Heatwave and severe hailstorms in Europe

A combination of high temperatures with an intense heatwave over the last ten days of the month and severe thunderstorms with violent hailstorms produced heavy losses in Europe in June. As well as being very dry, the month was Germany's hottest June since record-keeping began. The drought means that poor harvests are likely in parts of the European agricultural sector, since there was restricted growth for certain types of grain, as well as for potatoes and corn in various regions.

On top of the heat, there were severe thunderstorms and hailstorms, for example on Whit Monday (10 June) in Germany and neighbouring countries. The greater Munich area was particularly affected, experiencing hailstones of up to 6 centimetres in diameter. According to the Association of German Insurers (GDV), well over 100,000 claims were filed for vehicle and building damage respectively. The overall loss throughout Europe came to over €900m, of which more than 75% was insured due to the high insurance density for hail. Almost all of these losses were sustained in Germany.

At the start of July, there were further major hailstorms on the Adriatic coast in Italy and in Greece, with hailstones that were as big as oranges in some cases. Reliable loss estimates are not yet available.

Ernst Rauch commented as follows: "A number of scientific studies indicate that heatwaves are increasing due to climate change, and hailstorms as well according to the most recent studies. In view of the loss potentials and the increase in exposed assets, it is very important that insurers are aware of these changes. In any event, measures to reduce vulnerability to losses make good sense because we must assume that this trend will continue in the coming years and decades."

Asia/Pacific: Flooding in Australia

The Asia/Pacific region was affected by quite a number of natural disasters in the first six months of the year. Overall losses totalled were US\$ 16bn, half of the long-term average (US\$ 33bn). The costliest disaster for insurers was severe flooding in Queensland, in the northeast of Australia, that produced overall losses of almost US\$ 2bn, of which just under

US\$ 1bn was insured. In the region near Townsville, a large number of buildings were flooded following heavy rainfall at the end of a particularly hot spell. The Flinders River further to the west burst its banks and expanded to a width of over 35 miles (60 kilometres). Hundreds of thousands of cattle perished – a heavy loss for the agricultural sector.

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