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Press release

The review of natural catastrophes up to June is marked by earthquakes, and by a heatwave that caused a large number of fatalities in Asia

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The review on the natural catastrophes for the first half of 2015 was characterised 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. In the first half of the year, a total of over 16,000 people died in severe weather events and earthquakes.

This means that, by the end of June, the number of people that lost their lives in natural catastrophes was much greater than in the previous year (2,800), but also far lower than the average for the past 30 years (27,000). The overall losses and insured losses were below the long-term average values. The total losses incurred in the first half of 2015 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.

"The natural catastrophes in the first half of the year show us once again that vulnerability to natural catastrophes needs to be reduced, particularly in emerging and developing countries. This is necessary first of all to ensure people are better protected, but also to keep losses as low as possible," said Torsten Jeworrek, Munich Re Board member with responsibility for global reinsurance business. "At the same time, we see how natural climate cycles like the current El Niño phase can have different influences on the occurrence of weather extremes at a regional level. It is therefore important to combine findings from research with the trends in loss statistics. We want to maintain our position as pioneers and promote practical measures to reduce losses."

Here are the main events worldwide for the first half of the year:

- On 25 April, a magnitude 7.8 earthquake caused catastrophic devastation throughout Nepal, above all in the capital Kathmandu. A total of 8,850 people were killed, and many cultural heritage sites were destroyed. It was not just the natural catastrophe with the largest number of fatalities in the first half of the year, but also the most grievous event in terms of overall losses. These totalled US\$ 4.5bn, of which only US\$ 140m was insured. The scale of the losses for Nepal itself becomes clear if we examine the country's economic strength: the losses accounted for almost a quarter of Nepal's annual gross domestic

product. A further 230 people lost their lives in a 7.3 magnitude earthquake two and a half weeks later.

- The costliest natural catastrophe for the insurance industry in the first half of the year was a series of winter storms that struck the Northeastern United States and Canada at the end of February. The insured loss was US\$ 1.8bn, with total losses of US\$ 2.4bn. Furthermore, as in the previous year, the winter in the Northeastern USA was exceptionally cold and snowy. In Boston, almost three metres of snow fell over the winter months – an absolute record. The snow transported out of the city was piled up on an open site at the harbour. The mountain of snow grew to such a size that it was still many metres high at the end of May. There were direct overall losses of US\$ 4.3bn in the USA 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 of overall losses and US\$ 2.9bn of insured losses.
- Between April and June, there was a series of severe weather events in the South of the USA as far as Mexico, 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 USA 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.
- Owing to the very cold and long winter, the tornado season in the USA began somewhat later than usual with 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 1 July, the number of registered tornadoes, at 830, was below the average for 2005–2014 (1,008).
- 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, 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. In some regions there was little wind, accompanied by high humidity, which only increased the extreme effect of the temperatures.
- In April in Southeast Australia, a storm front brought up to 300 l/m² of rain to New South Wales in a single day. Entire houses were washed

away by flash floods. The cruise ship Carnival Spirit had to wait for two days off the coast, in waves over ten metres in height at times, before it was able to enter Sydney Harbour. The overall loss from the severe weather event was US\$ 1.15bn, of which US\$ 630m was insured. Cyclone Marcia, a cyclone of the strongest category 5, made landfall in February in Queensland, in the Northeast of the country, but swept through the thinly populated region of Shoalwater Bay. The overall loss was more than US\$ 800m, of which US\$ 400m was insured.

The development with 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 South of the USA. 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 USA, and little hurricane activity in the North Atlantic so far, could therefore be expected," explained Peter Höppe, Head of Geo Risks Research at Munich Re. "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 a conurbation, losses of an equal magnitude are possible," said Höppe.

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14 July 2015
Press release
Page 4/4

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