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North America Has Biggest Rise in Weather Catastrophes

by Bloomberg
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Climate change contributed to a fivefold increase in weather-related natural disasters in North America over the past three decades, according to Munich Re, the world's biggest reinsurer.

"Nowhere in the world is the rising number of natural catastrophes more evident than in North America," Peter Hoeppe, head of Munich Re's Geo Risks Research unit, told reporters in Munich today. There was a four-fold gain in disasters in Asia, while the number doubled in Europe, the reinsurer said.

North America accounted for \$510 billion of insured losses from weather-related catastrophes between 1980 and 2011, or 69 percent of the global total, Munich Re said in a study published today. Increases in climate change-related hazards aren't automatically reflected in premiums, the reinsurer said.

"If prices are not adequately reflecting the risks in our view, we would have to retreat from covering some U.S. risks such as hurricanes," said Peter Roeder, Munich Re's management board member responsible for North America and global clients. "At the moment, prices are still adequate."

Hurricane Katrina, which devastated New Orleans in 2005, was the costliest event ever recorded in the U.S. with \$62.2 billion in insured losses.

"Climate change particularly affects formation of heat-waves, droughts, intense precipitation events, and in the long run most probably also tropical cyclone intensity," Hoeppe said. "The view that weather extremes are becoming more frequent and intense in various regions due to global warming is in keeping with current scientific findings."

U.S. Thunderstorms

Natural disaster losses for insurers and the reinsurers who help them shoulder risks for clients were "dominated" in the first half of this year by thunderstorms in the U.S., where about 85 percent of claims worldwide originated, Munich Re said in July. Insured losses in the U.S. totaled \$10 billion in the first six months of 2012 compared with \$8.8 billion a year ago.

Globally, insured losses declined to about \$12 billion in the first half from \$82 billion over the same period a year ago, when disasters included earthquakes in Japan and New Zealand, Munich Re said.

Munich Re also set aside provisions of 160 million euros (\$210 million) in anticipation of losses from the drought that affected agricultural areas of the U.S., the company said on Aug. 7.

The Munich-based reinsurer expanded its U.S. presence with the 1996 acquisition of Princeton, New Jersey-based American Re for about \$3.8 billion. The unit, which was renamed Munich Re America in 2006, repeatedly needed additional funds to prop up reserves for casualty and asbestos policies. The global clients and North America division made up 36 percent of property and casualty reinsurance premiums in the first half.

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