

STATISTICS

The Climate is changing.

According to the IPCC Fourth Assessment Report (AR4) eleven of the years 1995–2006 rank among the twelve warmest years in the instrumental record of global surface temperature (since 1850). The 100-year linear trend (1906–2005) of 0.74°C is larger than the corresponding trend of 0.6°C (1901–2000) given in the IPCC Third Assessment Report (TAR). The temperature increase is widespread over the globe and is greater at higher northern latitudes.

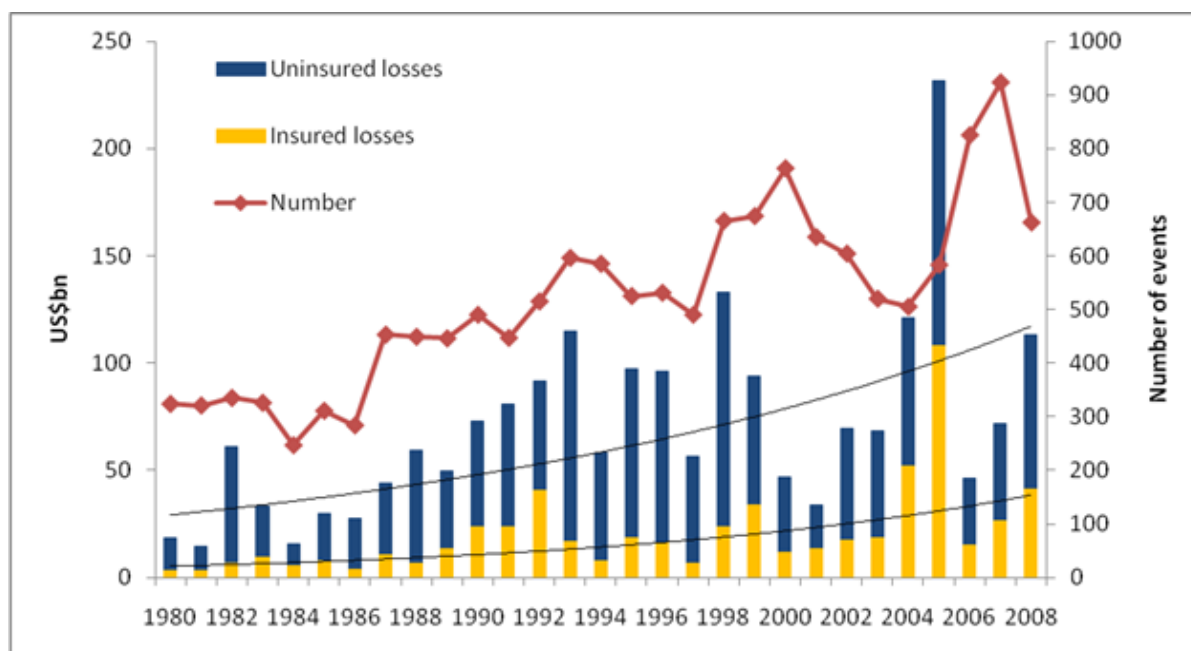
The temperature increase implies changes in risk portfolio, which means an increase in the number of nature-related disasters and in other extreme events. This implies also increasing losses, cf. Figure 1 and 2 for historical figures indicating a positive trend in insured and uninsured losses. The study by Swiss Re and ETHZ1 forecasts that winter storm claims in Europe are going to increase by 16–68 % in constant money over the period 1975–2085.

In 2009 the winter Storm Klaus hit northeast Spain and southwest France between 23 and 25 January with winds of up to 195 km/h. The storm produced meter-high waves on the Atlantic coast, and resulted in considerable loss and damage to buildings and vehicles. About a million people suffered power cuts. Insured losses amounted to US\$ 2.3bn, with overall direct economic losses standing at around US\$ 3.8bn.

Torrential rain in southern Germany, Austria and southeast Europe caused economic losses of approx. US\$ 500 mio. in late June 2009 when Qinton, a low-pressure system, skirted the eastern edge of the Alps. Some Alpine regions suffered their heaviest precipitation for 50 years.

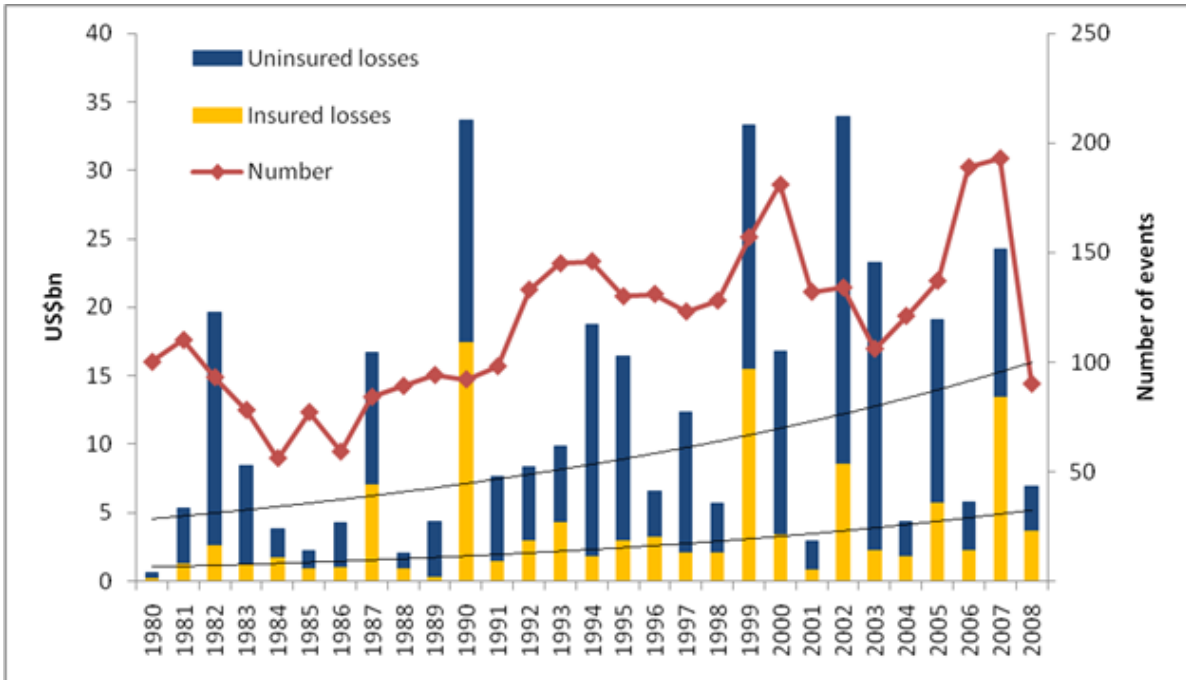
At the same time the insured percentage of the economic losses has increased from an average of 25 % in the 1980s to 33 % over the last 10 years (period 1999–2008). The percentage even reached 44 % over the last 5 years.

Figure 1: Worldwide Weather-related Disasters (1980 – 2008)



Source: Munich Reinsurance Company, Geo Risks Research, NatCatSERVICE (May 2009)

Figure 2: Weather-related disasters in Europe (1980 – 2008)

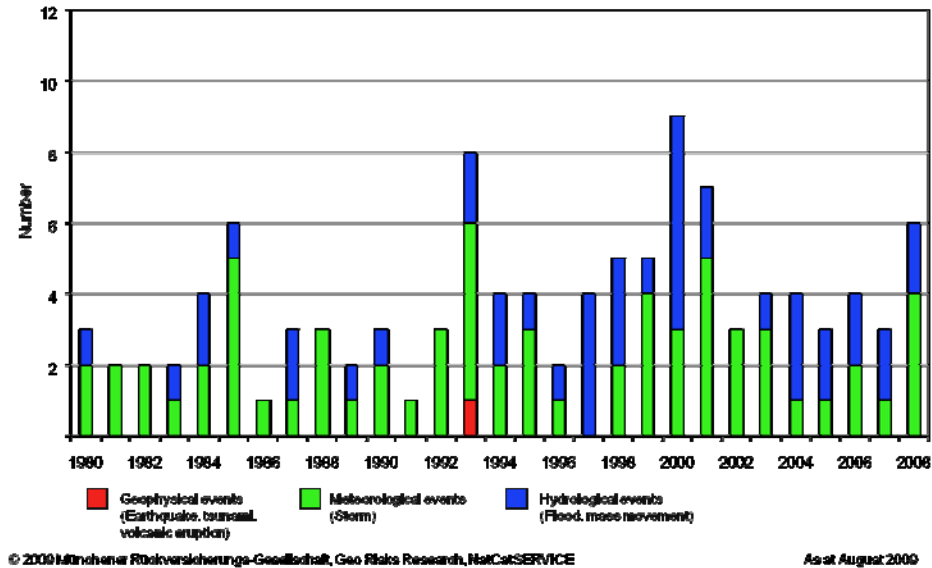


Source: Munich Reinsurance Company, Geo Risks Research, NatCatSERVICE (May 2009)

There is no clear trend

Although there are many arguments which predict increase in number of nature related damages and changes in risk profiles, there is no clear evidence for these arguments – yet. Munich Re has compiled statistics¹ on natural disasters in Nordic countries (Norway, Sweden, Denmark, Finland) in years 1980–2008, but there is no increasing trend (Figure 3). However, the 5-years moving average seems to be slightly increasing (Figure 4).

Figure 3: Number of natural disaster in Nordic countries 1980–2008

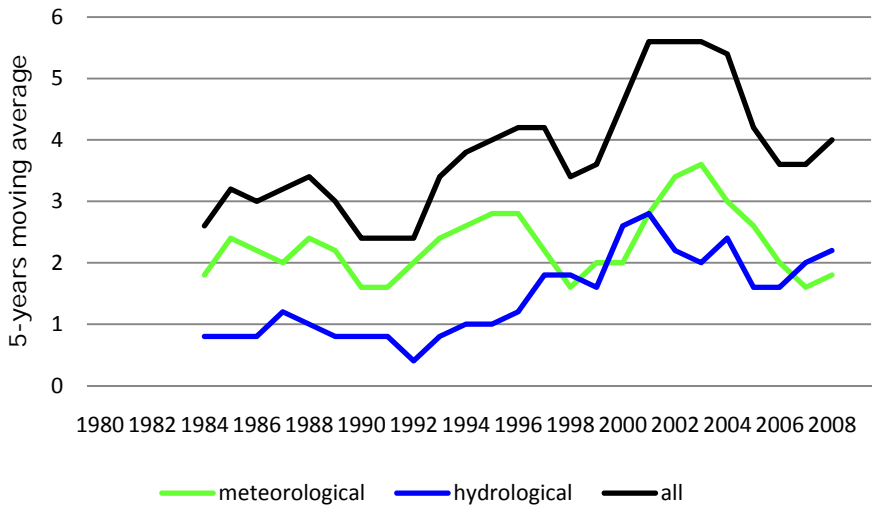


According to Munich Re statistics, hydrological and meteorological disasters have caused most insured losses in 1980–2008 (Figure 5). During the respective time period the 5-years moving average of hydrological disasters has moved to a higher level but there is no change in hydrological disasters (Figure 4).

This missing trend is actually a good thing. It means that climate change has not had a huge impact on the Nordic insurance industry yet. Thus, at this point, it is important to notice when the possible trend is occurring and how it is behaving, which means that the Nordic insurance industry needs to develop follow-up methods to learn more about climate change and its effects on the Nordic countries. However, the co-operation between Nordic insurance associations revealed that the industry has compiled statistics only on few if any climate related damages.

¹ Climatological events are excluded

Figure 4: 5-years moving averages



In years 1980–2008, winter storms Anatol and Gudrun (also called Erwin) have caused significant losses (Figure 6). However, winter storm Per was not much weaker than Gudrun for instance. Indeed, storm losses depend strongly on the area they hit. For the industry, it is important to co-operate with meteorological institutes, regulators and other relevant authors and researchers to develop storm risk map, early warning systems and other similar measures. It is clear that a prevented damage is always better than a paid compensation, for both the industry and the society. Thus the primary goal is to minimize the increasing risks.

Figure 5: Insured losses in Nordic countries caused by natural catastrophes 1980-2008

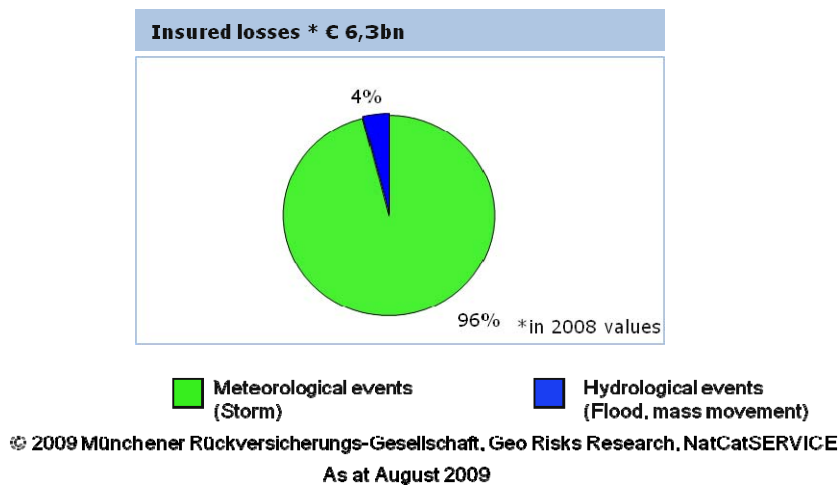


Figure 6: Natural catastrophe losses in Nordic countries 1980-2008

