

Disasters — An Expensive First Half of 2014

Two firms tracking disasters have issued reports on the first half of 2014. The picture isn't pretty but it's not bad either. Relatively and monetarily speaking of course.



Aon Plc said the tornadoes, windstorms and accompanying hail in the nation's middle and in the Rocky Mountains likely cost insurers over \$1 billion.

June was pretty bad. Last year — 2013 — there were 125 tornadoes in June. This year there were over 300.

As a comparison — in June of 2012 we saw 111 tornadoes. To date the National Oceanic and Atmospheric Administration said through the end of June there have been 721 tornadoes. The good news is that number is down. From 2005 through 2013 the average was 1,026.

The National Weather Service's Storm Prediction Center said May, June and July are the worst months for such storms and especially tornadoes. This year they killed three people and produced over 100,000 claims.

Globally for the first half of 2014 things have been awful, too. **Munich Re's 2014 Half-Year Natural Catastrophe Review** said around the world the first six-months saw \$42 billion in economic losses. Insurers lost \$17 billion.

Losses in the U.S. over the winter set records. They came from heavy snow and extreme cold. Blizzards totaled \$3.4 billion in losses for insurers. The most costly storms happened in early January and resulted in \$2.5 billion in losses and \$1.7 billion of those were insured.

Munich Re America's CEO Tony Kuczinski said, "The harsh winter in the Midwest and on the East Coast once again exposed the vulnerability of infrastructure in the United States. In many cases, there were power outages for long periods, and economists estimate that the cold winter also contributed to negative economic growth in the first quarter."

It's a growing problem and one that needs to be addressed. "Our industry and government must work together to encourage and facilitate greater investment in infrastructure projects that protect communities from loss. Consumers must be informed about the natural catastrophes they are exposed to; what they are or are not insured for; and how to protect their homes and businesses to withstand locally occurring natural hazards," Kuczinski said.

A wandering jet stream is blamed for the severe weather.