

2011 already the costliest year on record

Jenny Mandel, Environment & Energy Publishing, 7-12-11

With its unrelenting onslaught of floods, earthquakes, tsunamis and fires, 2011 has set a new record for the highest economic losses from natural disasters -- and it's only half over.

An analysis by German insurance company Munich Re shows that 2011 has already surpassed 2005, the year that Hurricane Katrina slammed the Gulf Coast, as the costliest ever, with economic losses estimated at \$265 billion through the end of June.

Most of those costs are included in the \$210 billion that the company attributes to the March 11 earthquake and tsunami in Japan, which led to the deaths of at least 15,500 people and a still-unfolding meltdown at the Fukushima Daiichi nuclear power complex.

"We were not surprised by any of the events when seen as single events, since they were within the range of what our risk models led us to expect," said Torsten Jeworrek, a Munich Re board member. "The accumulation of so many severe events of this type in such a short period is unusual, but is also considered in our scenario calculations."

The second half of a year typically has higher losses than the first half, as hurricanes and typhoons tend to hit the North Atlantic and Northwest Pacific, respectively, late in the year, the company said.

The company estimates the insured losses stemming from the Japan quake at \$30 billion, which it said will likely be less than the insured losses from Hurricane Katrina despite that event's far lower overall price tag of \$125 billion.

Anselm Smolka, a Munich Re earthquake expert, said the March quake will have shifted the seismic stresses at play near where it hit such that similar events are more likely in the future.

"Major quakes always shift stresses in adjacent areas, making it more probable that a strong quake could occur under the sea to the east of Tokyo or a moderate-magnitude earthquake [could hit] at a depth many kilometers directly under Tokyo in the coming years," he said. "Nevertheless, the probability of the most extreme scenario, a powerful quake south of Tokyo at the entrance to Tokyo Bay, is no greater than before."

The company also cited a series of strong earthquakes in New Zealand, flooding in Australia and tornadoes in the American South and Midwest as major cost drivers this year, with the latter, weather-related events linked to La Niña.