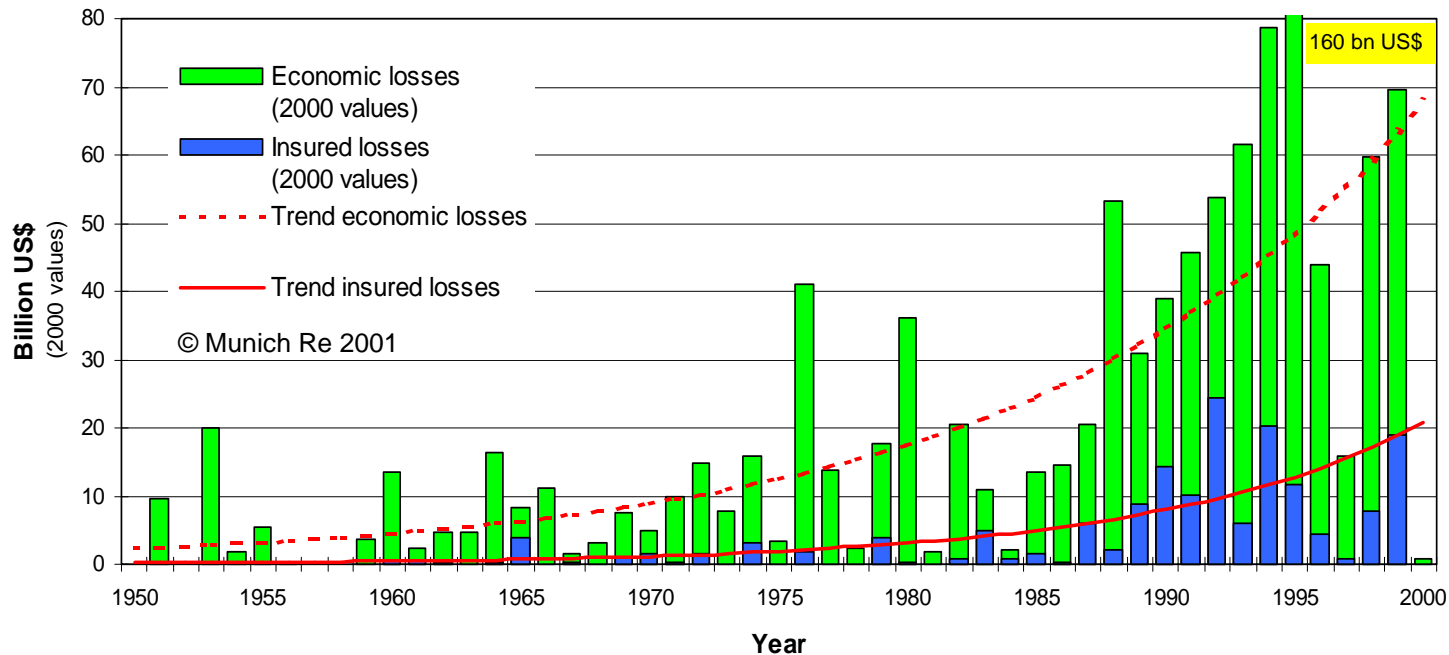


Great Natural Disasters 1950 - 2000

Far exceeding 100 deaths and/or US\$ 100m in claims

Economic and insured losses with trends



Great Weather Disasters 1950 - 2000

Decade comparison

	Decade 1950 - 1959	Decade 1960 - 1969	Decade 1970 - 1979	Decade 1980 - 1989	Decade 1990 - 1999	last 10 1991 - 2000	Factor last 10:60s
Number	13	16	29	44	72	69	4.3
Economic losses	39.8	52.3	76.7	121.8	410.0	383.0	7.3
Insured losses	0	6.9	11.1	22.2	95.2	81.1	11.7

Losses in US\$ billion - 2000 values

NatCatSERVICE

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UNEP Finance Initiatives
Innovative Financing for Sustainability

The *frequency* and *size* of losses due to natural disasters are *increasing* dramatically all over the world

The reasons

- Rise in population
- Better standard of living
- Concentration of people and values in large conurbations
- Settlement in and industrialization of extremely exposed regions
- Susceptibility of modern societies and technologies to natural hazards
- Increasing insurance density
- **Change in environmental conditions (climate change)**



How can the insurance industry prepare for the increasing catastrophe risk?

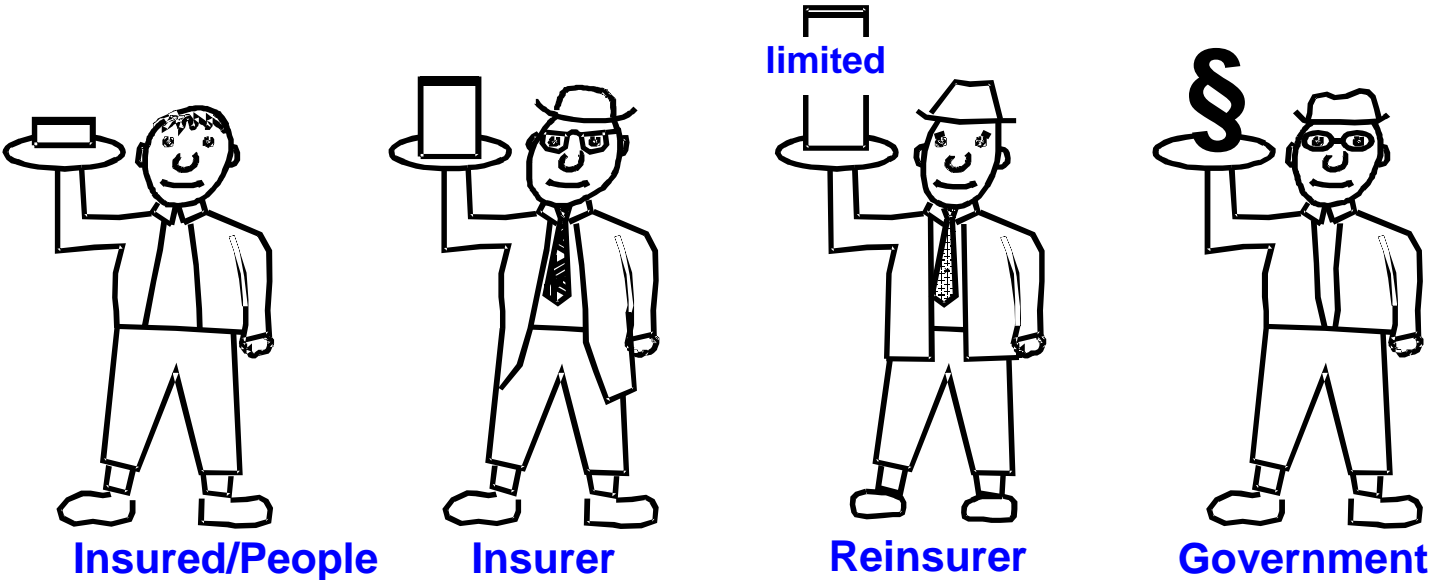
- Adequate pricing
- Loss prevention
- Liability limits
- Accumulation control
- Reinsurance, retrocession
- Substantial deductibles, based on the respective exposure
- Improved claims settlement
- Exclusion of certain hazards
- Exclusion of particularly exposed areas



Insurance and Natural Hazards

Carrier of the burden/liabilities

Future option



Summary

- **Losses due to climate change are increasing and will be even much higher in the future**
- **The financial sector is very flexible and has many options for coping.**
- **The financial sector needs a clear regulatory framework (Kyoto). Longterm, the international community must create a powerful global climate change response – for example, contraction and convergence.**
- **Who will finally carry the burden?**

