Private-Sector Insurers To Pay More Than $32 Billion In Claims From Natural Disasters In 2011

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NEW YORK, December 30, 2011?Insurance companies will pay more than $32 billion in claims to help people rebuild homes and businesses damaged or destroyed by natural disasters in 2011, a record year for federal disaster declarations, according to the Insurance Information Institute (I.I.I.).

?Catastrophes striking the United States in the first nine months of 2011 caused $32.6 billion in direct insured losses, nearly double the $18.6 billion in catastrophe-caused direct insured losses insurers generally incur over the first nine months of any given year,? said Dr. Robert Hartwig, CPCU, the president of the I.I.I. and an economist, citing figures released earlier this month by ISO?s Property Claim Services. ?The $32.6 billion figure doesn?t even include the significant insured losses which arose after the pre-Halloween snowstorm, which caused enormous damage to multiple states along the Atlantic seaboard. Coupled with other events in 2011?s fourth quarter, direct insured losses could exceed $35 billion this year.?

Despite the frequency and severity of 2011?s natural catastrophes in the U.S., policyholders? surplus?insurers? net worth measured according to Statutory Accounting Principles?fell only four percent to $538.6 billion as of September 30, 2011 as compared to $559.2 billion at year-end 2010.

?The policyholders? surplus number is a sure sign that U.S. property/casualty insurers remain well-capitalized, and capable of paying future claims,? Dr. Hartwig stated.

The federal government declared on 99 separate occasions this year that a major disaster existed after a natural disaster had occurred, easily breaking the previous record (81), which was set in 2010, the I.I.I. said. The federal government?s designation makes federal funding available to individuals and businesses impacted adversely by the named disaster. The most recent declaration was on December 22, 2011, and had its origins in the severe snowstorms and flooding which occurred in Alaska between November 8 and 10, 2011. The 99 disaster declarations are nearly triple the average of 34 per year dating back to 1953. The I.I.I. developed three PowerPoint slides which place 2011?s natural disasters in historical perspective.

Moreover, the federal National Oceanic and Atmospheric Administration (NOAA) announced this month that the U.S. was the site of12 separate weather/climate disasters, each of which caused at least $1 billion in aggregate damage in 2011. The previous record, set in 2008, was nine, according to NOAA.

To date, the U.S. set a record with 12 separate billion-dollar weather/climate disasters in 2011, with an aggregate damage total of approximately $52 billion. (This number reflects both insured and uninsured losses). These events were:

- **The Groundhog Day Blizzard** (January 29-February 3): This large winter storm impacted numerous

central, eastern and northeastern states and brought Chicago to a virtual standstill.
- **Midwest/Southeast Tornadoes** (April 4-5): Forty-six tornadoes swept through a total of 10 central and southern states.
- **Southeast/Midwest Tornadoes** (April 8-11): Fifty-nine tornadoes are believed to have formed within this timeframe, hitting nine central and southern states.
- **Midwest/Southeast Tornadoes** (April 14-16): About 160 tornadoes are estimated to have hit 10 states in the central and southeastern portions of the U.S.
- **Southeast/Ohio Valley/Midwest Tornadoes** (April 25-30): More than 300 tornadoes caused 321 deaths in the U.S. in late April, with 240 of the fatalities occurring in Alabama.
- **Midwest/Southeast Tornadoes** (May 22-27): The EF-5 tornado which struck Joplin, Missouri on May 22 was the single deadliest tornado (158 fatalities) to hit the U.S. in decades. Fourteen other central and southern states were hit by this tornado outbreak in late May.
- **Midwest/Southeast Tornadoes and Severe Weather** (June 18-22): Eighty-one tornadoes tore through seven central U.S. states whilewind and hail caused severe damage in four southeastern states.
- **Southern Plains/Southwest Drought, Heat Wave and Wildfires**(Spring-Summer):Texas, Oklahoma, New Mexico, Arizona, southern Kansas, western Arkansas and Louisiana were the regions of the U.S. hardest hit by these conditions.
- **Mississippi River Flooding** (spring-summer): Unusually heavy rains, combined with a melting snowpack, caused severe flooding along the Mississippi River and its tributaries.
- **Upper Midwest Flooding** (spring-summer): These floods prompted the evacuation of nearly 11,000 people in Minot, North Dakota, as the Souris River overflowed. Numerous levees were breached along the Missouri River, flooding thousands of acres of farmland as well.
- **Hurricane Irene** (August 20-29): Irene made landfall in North Carolina as a Category 1 hurricane and moved northward, causing major flooding in New Jersey, upstate New York, and Vermont.
- **Wildfires in Texas, Arizona and New Mexico** (spring-fall): The Bastrop Fire in Texas in early September was one of the most destructive wildfires in Texas? history and destroyed more than 1,500 homes. Meanwhile, Arizona?s Wallow Fire burned more than 500,000 acres in June, making it the largest wildfire on record in the state?s history. Finally, New Mexico?s Las Conchas Fire was also one for the record books, impacting more than 150,000 acres and coming close to Los Alamos National Laboratory in June.

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