

# SANDY, A MESSENGER FOR GLOBAL WARMING?

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**Each extreme climate event, such as Hurricane Sandy, rekindles the debate on the consequences of climate change. Although there is still no scientific evidence proving the link between global warming and the increase in the intensity of these phenomena, these events are a harsh reminder of how sensitive our economies are to climatic vagaries and, therefore, encourage us to strengthen action to reduce CO<sub>2</sub> emissions.**

On the night of the 29th of October 2012, after causing considerable damage and numerous deaths in the West Indies, Hurricane Sandy hit New York and the rest of the east coast of the United States.

Sandy had a devastating impact, causing more than one hundred deaths, 50 billion dollars' worth of damage, petrol shortages, electricity cuts, and the evacuation of hundreds of thousands of people.

**Right in the middle of the American election campaign, this hurricane forced candidates to address the issue of global warming**, a subject that had been otherwise evaded.

Following Barack Obama's election, he stated that, like many Americans, 'We want our children to live in an America that isn't threatened by the destructive power of a warming planet.' However, his room to manoeuvre is limited as the House of Representatives remains under the control of the Republicans, a large majority of whom are opposed to any climate-related regulations.

## A complex link between hurricanes and climate change

Although Sandy has pushed numerous policy makers into addressing the issue of climate change, the link between the two phenomena remains uncertain. **It is difficult, for example, to say that Sandy is a result of climate change.**

As a Category 2 hurricane, it was not exceptional in its intensity. Katrina, which ravaged New Orleans and Louisiana, was a Category 5 cyclone – the maximum category possible. Even for the North of the United States, where cyclones are less frequent, Sandy did not have any extraordinary characteristics.

New York had already been hit by a Category 3 cyclone in 1938. The damage caused by Sandy was only because its path took it through very densely populated areas.

In more general terms, while some consequences of global warming are currently known to a near-certainty (increased drought, loss of biodiversity, increase in coastal floods, etc.), the link between hurricanes and climate change still needs more extensive research. Specialists, particularly the IPCC (Intergovernmental Panel on Climate Change), estimate that climate change could increase their intensity. However, they still underline significant uncertainties that exist today in the analysis of these phenomena.

## A crucial issue for the insurance sector

**In any case, Sandy has reminded us of the sensitivity of our societies to climate conditions.** The insurance sector, especially the reinsurance companies, who act as 'insurers of insurers' for major disasters, is highly exposed to these issues.

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The German company, Munich RE, the world's Number One in reinsurance, recently produced a report on climate events over a long period. The company estimates that, over the last 30 years, the losses associated with climate events, storms, floods, heat waves and drought have been multiplied by:

- 5 in North America
- 4 in Asia
- 2.5 in Africa
- 2 in Europe
- 1.5 in South America

**The increased losses are primarily due to socio-economic factors: increasing population, urban sprawl and economic growth.** They have all increased the probability of a hurricane hitting a populated area with expensive infrastructure, compared to 30 years ago. The reinsurer, however, estimates that these socio-economic factors are not, by themselves, responsible for these figures and that climate change has also played a role in the increase of such losses.

‘ **Due to their devastating effects, hurricanes mobilise opinion more easily than long-term trends.**

**Amongst climate events, the issue of storms is crucial** for any insurance company in the United States, because storms there represent 76% of losses. The existence of a link between climate change and storms is therefore an interesting topic for the sector.

As part of its study, Munich RE carried out a specific task to examine this specific point. They estimate that their statistical analyses, adjusted by socio-economic factors, show an increase in the cost of these storms over the last 40 years.

On the basis of this analysis and of the observation of weather developments over the same period, the company estimates that it is likely that climate change is the root cause of this increase. Munich RE are thus strengthening the case of those who support the idea of a link between global warming and the increase in the intensity of hurricanes.

Due to their devastating effects, hurricanes mobilise opinion more easily than long-term trends. If the possibility of a link between hurricanes and climate change is important for insurance companies in adjusting their risk premiums, this issue is only a supplementary element underlining the urgent need to act against climate change.

**Regardless of the conclusions scientists will reach regarding this link, the consequences experienced as a result of climate change are already broadly severe enough to demand action as quickly as possible.**

‘ **Although the consequences of global warming are now known with near certainty, the link between hurricanes and climate change still requires significant research.**

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