



News Hurricane Dorian, Second Pre-Landfall Update – September 2019

Since our update on Hurricane Dorian last Friday, the system has strengthened to a strong category 5 hurricane with maximum sustained wind speeds of up to 220 mph (354 km/h). The hurricane has made landfall in the Bahamas on Sunday with highly destructive winds and causing a storm surge of up to 23 feet (7 meters) with, sadly, significant fatalities expected in the Bahamas. The damage from Hurricane Dorian on the islands will likely be severe and it will take years for these islands to recover.

Since then, and as of 9am CEST (3am EDT), the hurricane has made a second landfall on the Grand Bahama island. Dorian is slightly slowing down with current maximum sustained wind speeds of up to 165 mph (265 km/h), a slightly increased central pressure of 916 mbar (up from 911 mbar) and a very slow forward speed of 1 mph (1.6 km/h).

This means that Hurricane Dorian is doing what all the major models have forecasted – it is stalling just east of Freeport, Bahamas. This is devastating for the Bahamas as this major hurricane could potentially stall and stay close to its current position for 24 hours with wind speeds of a category 4 or 5 hurricane. However, on the other hand, this also means that Florida may not see a landfall at all. The outlook and further development on Dorian is still uncertain at this point in time.

Based on the current information and forecasts available, we believe that Hurricane Dorian will not make landfall on the US mainland but will travel northwards along the US east coast potentially passing very close to the Outer Banks in North Carolina. Nevertheless, very strong hurricane force winds can be expected to affect the coast from South Florida all the way up to North Carolina and are likely to cause damage to property and infrastructure. In addition, Georgia, South and North Carolina may experience a very strong storm surge. The combination of a strong storm surge and heavy rainfall may cause severe flooding. This means, flood-related damages could be a substantial factor with Hurricane Dorian in addition to wind-related damages.

The white shaded “uncertainty cone” shown in the attached illustration is the track forecast from the National Hurricane Centre (NHC) of the National Oceanic and Atmospheric Administration. This “uncertainty cone” is constructed in a way that there is a 66% probability that the actual hurricane track will be within this cone. The “average” track scenario is in the middle of the cone and is indicated by the black line.

According to the portfolio managers’ forecasts and estimates the insured industry loss numbers for the US mainland have narrowed down compared to Friday to approximately USD 3 billion to 10 billion in the most likely outcome and with low probabilities for an industry loss of up to USD 20 billion.

We will continue to closely monitor the storm and will provide another update with an initial impact assessment in due course.

Please do not hesitate to contact us if you have any questions.

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