



News

Osaka Quake in Japan, June 2018

On Sunday, 17 June, at close to 8am local time, an earthquake struck near Osaka on Japan's main Honshu Island. The quake occurred 19.5 km (12.1 miles) northeast of Osaka, with a population of close to 3 million people, at a depth of 15.4 km (9.6 miles). The Japan Meteorological Agency (JMA) measured the earthquake moment magnitude at 5.9. The United States Geological Survey (USGS) reported a magnitude of 5.5, updated from an initial estimate of 5.3. Note that JMA and USGS use a different magnitude scale which can result in different reported magnitudes for the same event.

Smaller damages have been reported across Osaka and the surrounding prefectures including collapsed walls and broken windows as well as damages to infrastructure such as roads. Power outages affected 170'000 homes but access to electricity has already been restored. Likewise, train and airplane services were initially halted but have been resumed. Many industrial plants in the region temporarily halted production including Panasonic and Honda. Local nuclear plants do not seem to have been affected by the quake. Four people have died and several hundred have been injured.

Given the risk of strong earthquakes in Japan, local building codes are very strict and have helped to limit the damages from this recent earthquake. While it is still too early for reliable insurance loss estimates, the initial assessment of the portfolio indicates only limited insured losses in the range of USD 1.5 billion to USD 2.5 billion to be expected from this event. This initial assessment carries significant uncertainty, especially as damages to industrial sites are not yet known in detail.

Japan quake risk is one of the major risk exposures in the ILS and global catastrophe reinsurance market. Based on the initial assessment and the exposure in CSA ILS / CSA ILS Fixed, the portfolio manager does not expect an impact from this event on a standalone basis. However, the losses from this event are expected to contribute to aggregate risk structures under which cumulative losses from possibly multiple events throughout the risk period determine whether the trigger is reached. We will monitor the event and will keep you updated of any significant developments.

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