

WARM UP

**1** What is the definition of an 'act of God'? Read the first paragraph to check.

## Acts of God insurance

An act of God is a legal term which refers to a natural event, beyond human control, such as a flood, earthquake or storm. Property insurance policies, both for business premises and private homes, may include cover for these acts of God or specifically exclude them, and in the latter case a separate policy would be necessary in order to be protected. The cost of these policies for natural disasters such as flooding and earthquakes mainly depends on the location of the property to be insured and it can be

much higher for areas considered at high risk or where such events have already happened. In spite of the potentially high premiums, it is fundamental for both businesses and private individuals to understand the risk and potential consequences, both physical and financial, of natural catastrophes of this kind. For example, most businesses and homes in California are likely to have some kind of insurance against damage caused by an earthquake.

In 2012 there were nearly 170 natural catastrophes which cost insurers over US\$ 71 billion. Nine out of the ten most costly natural disasters in terms of insured losses were in North America, including the damage caused by Hurricane Sandy (in top position with US\$ 35 billion) and the drought in the Corn Belt area (US\$11 billion). Also in the top ten were the earthquakes and aftershocks in the Italian region of Reggio Emilia, with insured losses of US\$1.6 billion. These catastrophes are not necessarily those that caused the biggest economic loss nor the highest number of victims, as many areas of the world which are hit by natural disasters have low or non-existent insurance cover. The total economic loss, for both natural and man-made catastrophes in 2012, was estimated at US\$187 billion.

NATURAL CATASTROPHES – 2012			
	Number	Victims*	Insured loss in millions of US\$
Floods	63	2979	2712
Storms	61	3129	54065
Earthquakes	15	717	1787
Droughts, bush fires, heat waves	8	139	11524
Cold, frost	13	1806	250
Hail	5		900
Other natural catastrophes	3	178	
<b>Total</b>	<b>168</b>	<b>8948</b>	<b>71278</b>

\* missing or dead

Source: Swiss Re

ACTIVITIES

### READING COMPREHENSION

**2** **BEC** Read the text and decide if these sentences are true (T) or false (F). If there is not enough information, choose 'doesn't say' (DS).

- All insurance policies include cover for acts of God.
- Policies against natural disasters can be both for businesses and private individuals.
- In some areas it is impossible to get insurance against natural disasters.
- The financial after-effects of a natural disaster are greater than the physical ones.
- In 2012, Hurricane Sandy was the natural disaster with the highest amount of insured losses.
- The economic cost of natural disasters in 2012 was US\$187 billion.

	T	F	DS
1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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### SPEAKING

**3** In pairs, look at the information in the table and answer these questions.

- What data is presented and for what year?
- Which was the most/least frequent natural disaster?
- Which natural catastrophe caused the most/least victims?
- Which category of natural disasters cost insurers the most/least?
- Do these figures reflect the real economic loss? Why not?