a) In the case of bankruptcy, receivership or any other circumstance affecting a pension fund management company, the system allows for the alternative management of the corresponding pension fund, where the workers' money will remain safe from any of these eventualities.

b) The pension fund is a collective investment tool, where many small investors unite to form one large investor. When united in the pension funds, all workers who are affiliated to the social security system — no matter how small their salary — become large investors, in the sense that they may have access to the rates of return which are reserved for these.

7. The personal capitalisation system is still not universal: it only encompasses those who are affiliated to the Instituto Mexicano de Seguridad Social (IMSS), but not the rest of Mexican workers (and especially, due to their large number, government workers). In addition to this, the system only manages retirement and unemployment resources, and not the housing resources of those who are affiliated to the IMSS, which continue to be managed by the government.

8. The Mexican system is a copy of the Chilean one, but it has been so much improved that it is serving as an example for other countries as far away as Poland. Even in Chile they are looking at some aspects of the Mexican system which are an improvement on their system.

I believe that, two years after setting up the system it may be said that Mexico now has one of the best pension systems in the world. Its consolidation will provide the country with a level of domestic saving which is able to substantially limit is its dependency on foreign capital, and will give each of its contributors the satisfaction of personal savings which form the basis for a pension and which are based on an individual's efforts — and not those of others. ■

European storms in december 1999

Mayte Piserra
MAPFRE RE Spain

«Political pressure on the insurance sector forced it to make the claims handling process more flexible, to limit policy deductibles and to speed up the payment of claims.»

Europe suffered the effects of 3 extra-tropical cyclones during the month of December in 1999: **Anatol, Lothar** and **Martin;** these developed from centres of low pressure in the Atlantic and experienced rapid development and intensification. The economic and insurance impact — the final figure still to be determined — has been so great that these three storms are already considered to be on a par with those which occurred at the beginning of 1990.

Anatol, during the days 3,4 and 5 of December, followed a track which took it from Ireland to the United Kingdom, North Germany, Poland, Denmark and Sweden before finishing in the Baltic republics and Russia. It caused the death of at least 20 people. The country which was most affected was Denmark, where preliminary estimates insured damage issued by the Central Danish Insurance Office for were placed at DKK 1 billion (€ 133.8 million), it is possible that this may increase by a factor of 10, whereby the total economic damage would practically coincide with the insured loss. The West coast of Denmark was flooded by the sea as a consequence of the storm surge. The damage caused by this hazard is subject to cover within a state system through the payment of an additional DKK 10 (€ 1.3) to the fire insurance.

Lothar entered France by the coast of Brittany at around seven in the morning on Dec 26, with winds of 160 km/h and gusts exceeding 180-200 km/h. Despite the fact that the French meteorological service *Météo France* predicted the arrival of the disturbance, it underestimated the speed of the winds which were later recorded. The most affected countries were the northern half of France, Switzerland, Luxembourg, Austria and southern Germany. Contrary to what usually happens, the storm did not lose strength as it progressed towards the East with at a displacement velocity of 100 km/h, because it entered into resonance with a whirlwind located at a height of some 10,000 m, causing the area of low pressure to become even deeper. The storm thus affected Switzerland with the same intensity as it had affected Brittany, hundreds of kilometres back and almost nine hours before.

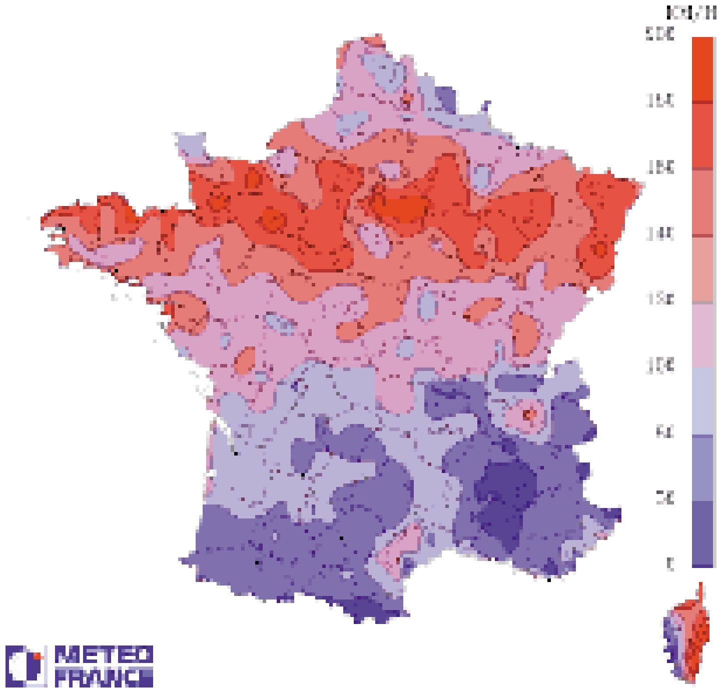
Martin developed from another Atlantic centre of low pressure and again entered the East coast of France towards the final hours of December 27. This time it entered at a more southerly latitude, affecting the southern half of the country, the North of Spain, Italy and again Switzerland. The winds associated with the extra-tropical cyclone **Martin** was somewhat lower than those of **Lothar,** showing wind speeds of more than 140 km/h with gusts of 160-180 km/h. Despite this, the system produced a large volume of rainfall which caused severe flooding in the South of France and intense snowfall in the Alps. The two storms together caused some 140 deaths in Europe.

The short period of time which elapsed between the passing of **Lothar** and **Martin** through France, the large geographical area which was affected and the extent of the damage which was caused to the road infrastructure, communications and electrical supply, plunged the country into a difficult situation. Sixty departments were declared as being in a state of catastrophe. The cultural and architectural heritage was severely affected, and forests were decimated. Political pressure on the insurance sector forced it to make the claims handling process more flexible, to limit policy deductibles and to speed up the payment of claims.

The dilemma as to whether **Lothar** and **Martin** should be considered as one or two events for reinsurance purposes, because of the 72-hours clause, was finally resolved with the declaration that they were indeed two individual events because they had originally evolved from different disturbances and because they affected different geographical areas, although there is a band in the centre of France which was hit by both storms. The insured damage caused by both storms in France will probably exceed the catastrophe protection programmes of a good proportion of the domestic French market. Assessments of the insured damage caused by **Lothar** and **Martin** in Europe to this date are placed at around USD 6 - 7 billion. The Caisse Centrale de Réassurance (CCR) has confirmed that it will need to request financial backing from the state for the first time in its history in order to meet its liabilities for the damage caused by **Lothar** and **Martin** in France, together with the floods which swept three departments of Midday in November 1999. ■

Storm of 25 and 26 of december 1999

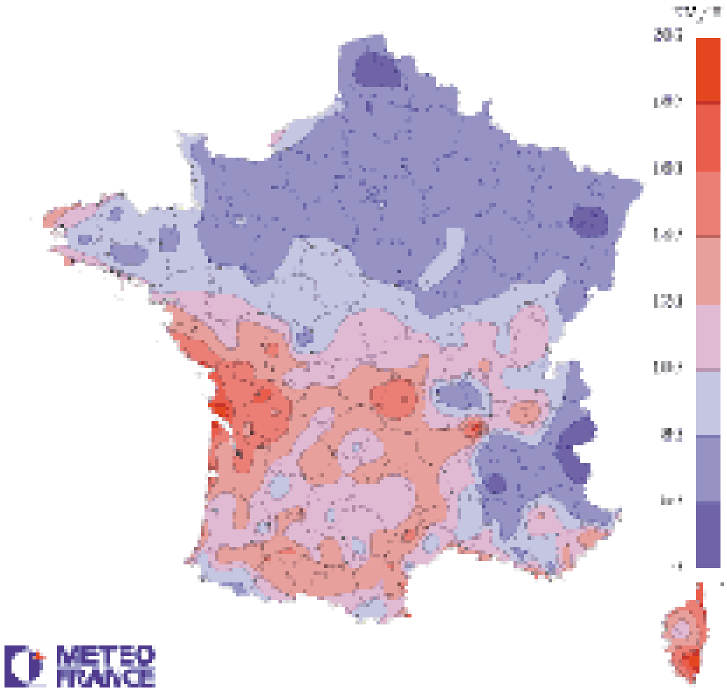
Maximum values of «instant maximum wind»



Stations where altitude is lower or equal to 500 meters

Storm of 27 and 28 of december 1999

Maximum values of «instant maximum wind»



Stations where altitude is lower or equal to 500 meters