

# Hurricanes in the North Atlantic, should insurance pricing be based on long-term averages?

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## Abstract

The key question this note attempts to discuss is “**do long-term average hurricane landfall rates adequately reflect current risk levels?**” In statistical parlance we could rephrase this as “is the hurricane landfall timeseries stationary?”. It is important to realise the difference between genesis frequency (the number of storms actually arising each year) and US landfall frequency (note this excludes landfalling storms that fall outside of the US). Insurers are interested, primarily, in landfalling storms. This note will present a simple argument to suggest that we should assume the landfall series is not stationary; and should adjust long-term averages accordingly.

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