

January 2, 2024

Event Report: Major Earthquake in Japan

Geological Background

On January 1, 2024, a strong earthquake occurred on the less populated western coast on the island of Honshu, Japan. Japan is a seismically active region, with most earthquakes occurring off the east coast, where the Pacific plate subducts beneath Japan. This M7.5 earthquake occurred on the Noto peninsula on the west coast of Japan where crustal deformation created by the broader plate motions is accommodated in shallow faults. This coastal earthquake produced both strong shaking on land and generated a tsunami.

Impact on the Cat Bond and Reinsurance Markets

It is too early to make a final assessment of this event as aftershocks are still occurring. In addition, one should keep in mind the fact that shallow earthquakes release their destructive energy closer to the surface and therefore produce stronger shaking relative to earthquakes located deeper within the earth. However, the epicenter was far away from the larger metropolitan areas. Albeit the tremors could be felt in Tokyo, they were of light to moderate intensity, which should limit the expected damage.

Impact on the Solidum Funds

The Solidum funds are exposed to earthquake risk in Japan through transformed reinsurance contracts and cat bonds. However, based on current knowledge, losses appear to be highly unlikely.

The management team is pleased to remain at your disposal for any further discussion.

With kind regards

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