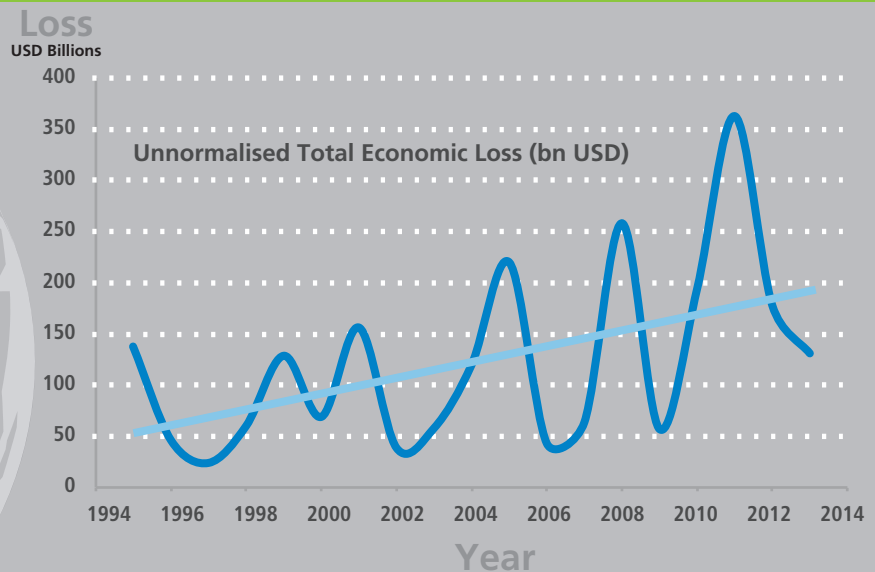


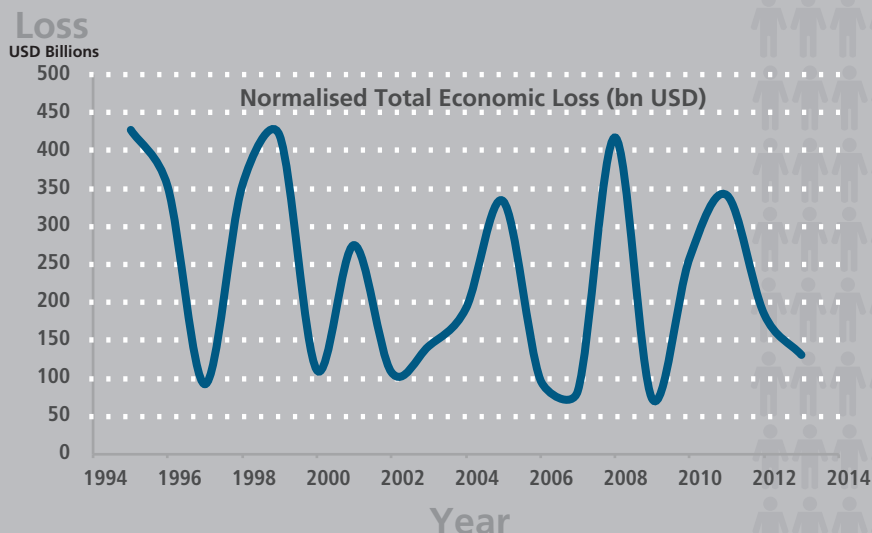
The (Apparent) Rise in the Cost of Natural Disasters

Natural disasters have always been part of the global landscape, wreaking indiscriminate destruction on communities the world over.



In recent years, the upward trend in economic losses from disasters is readily apparent—and statistically significant.

But is the upward trend in losses real? What is driving it?



When factors such as a growing population (and thus a growing number of homes and businesses in harm's way), increasing wealth (and thus more valuable possessions at risk), and inflation are accounted for, the trend in economic losses from disasters disappears.

Only after normalising can we reasonably compare the cost of past and more recent disasters on a like-for-like basis.

Source for the unnormalised loss data is Swiss Re Sigma reports (1995-2013). Inflation and gross domestic product (GDP) data from the World Bank were used to normalise economic losses.