

Extreme Events - The Role of Economics



- 1) Proper **(economic) loss accounting**: *direct, indirect, geographical & time aspect*
- 2) Given 1), empirically estimating **key drivers** of loss: *hazard, exposure, vulnerability.*
- 3) Modeling and understanding **decision making** in this extreme weather context: *rational and “irrational”*
- 4) Implementation and evaluation of appropriate **risk management strategies** to **ultimately reduce risk**: *information (e.g., forecasting), economic incentives, regulation & standards, insurance, disaster assistance, etc.*