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Risk Management of Natural Disasters on Insurance Stock Market

Authors : Tarah Bouaricha

Abstract : The impact of worst natural disasters is analysed in terms of insured losses which happened between 2010 and 2014 on S&P insurance index. Event study analysis is used to test whether natural disasters impact insurance index stock market price. There is no negative impact on insurance stock market price around the disasters event. To analyse the reaction of insurance stock market, normal returns (NR), abnormal returns (AR), cumulative abnormal returns (CAR), cumulative average abnormal returns (CAAR) and a parametric test on AR and on CAR are used.

Keywords : study event, natural disasters, insurance, reinsurance, stock market
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