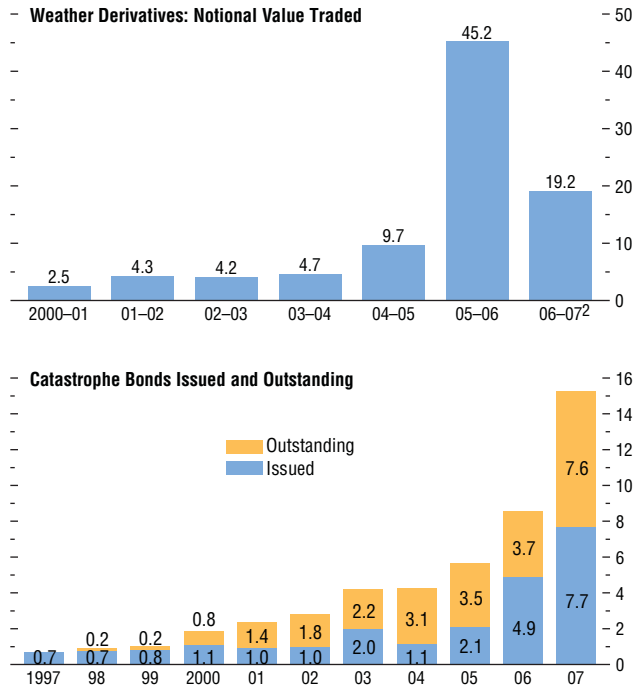


Figure 4.8. Weather Derivatives and Catastrophe Bonds¹
(Billions of U.S. dollars)

There has been a strong rise in trading of weather derivatives and issuance of bonds transferring catastrophic risk.



Sources: PricewaterhouseCoopers; and Swiss Re Capital Markets.

¹Notional value traded is the total value of the derivatives contract transacted, against which weather-related payments are calculated.

²Reduction in notional value traded in 2006-07 is largely the result of a move to monthly, rather than seasonal, contracts on the Chicago Mercantile Exchange.