



excessweather

COLD

Can your company be affected by prolonged cold and freezing weather? Does this have a detrimental effect on your turnover, revenues and balance sheet? Excessweather is a new insurance concept that can protect your business from the financial effects of cold weather. Our policies address these issues and reduce the financial volatility that cold weather creates. We can provide cover for losses that may fall outside your standard policy.

Why our policies are different

Most insurance policies that protect against the financial impact of cold weather on your business require extensive and costly work to win your claim. You have to prove three things to the insurer: that the weather was bad, that this bad weather caused a loss, and how much that loss was.

At Excessweather, our approach is different. We believe that you know your business best. To create your policy we simply need evidence that your business can be affected by cold weather. Then it's up to you to decide how cold the weather needs to be, and how much money you would need to recoup your losses.

Our policy limit is based on fact so there is no lengthy loss adjustment required. Once the measurements taken at the local weather station exceed the threshold then the policy pays.

We can protect your finances in two ways: you decide on how many cold days you can afford in a given period, or you decide what level of temperature your business can deal with in a period.

So, for example, if you're running a retail outlet and can afford only seven freezing days in the run up to Christmas which affect your takings, we will agree a pay out sum and a premium to cover you if the cold snap continues for more than seven days.

Excessweather policies allow you to plan with confidence, transferring the financial risks of bad weather to the insurer. These policies and their benefits in reducing volatility can be disclosed to investors.

How the policies work

We appreciate that this can seem a little daunting, but Excessweather is here to help you get the best trade of cover and price, and is happy to work with you and find the best solution for your business.



Glossary

Word	Definition
Period	The inclusive dates of the policy period from inception to expiry.
Location	The latitude and longitude of any risk or the specific territorial limits of a portfolio of risks.
Deductible - Day	A number of predetermined days that act as the trigger before the policy becomes active.
Deductible-Temperature	A number of predetermined °C that act as the trigger before the policy becomes active.
Excess	The measurement of temperature in °C under which the policy starts to pay.
Limit	The amount paid for each day above, or °C that is under, the excess point after the deductible is applied.
Maximum Limit	The maximum pay out for a policy.
Meteorological Station	The local weather station from where all measurements, which apply to the policy, are taken.

There are two ways of providing the coverage that may suit your needs.

Both policies require the same basic information to enable us to provide the specific coverage that will suit your company. In all cases the policy conditions have to be agreed and premium paid 20 days prior to inception and all valid claims are paid 14 days after expiry.

All measurements of temperature are taken at the weather station or stations that are closest to the risk to be covered. This weather station will be stipulated in the policy. In the case of multiple risks or a portfolio of risks then a panel of weather stations will be listed.

The cover can be bought for any number of days to suit the requirements of the policyholder. Standard annual policies and, where appropriate, multi-year policies are also available.

The 'excess' of the policy works in the same way as an excess in a normal insurance, being the loss paid by the insured before the policy starts to pay. The 'deductible' on our first policy is measured in days and in the second it is measured in °C of temperature.

The 'excess' of the policy is the amount of days above which the policy becomes live, or measurement of temperature during the policy period below which point the policy becomes live.

The policy will stipulate an agreed 'limit' per day or per °C of temperature and also a 'maximum limit' being the maximum that the policy will pay during the period.



Our first policy responds to the measurement of average temperature during a day. The policy will pay a fixed amount for each 'cold day' after a 'deductible' of a number of days and when the temperature falls below a 'excess' of °C on that day.

So, if your business can tolerate below freezing temperatures for a seven-day period then this can be the 'deductible' for your cover. If temperatures below -2°C per day have a detrimental effect then this can be the daily 'limit'.

The policy will then become active if an 'excess' of seven days of temperature below -2°C per day occurs within the period of the policy. The limit of the policy is a set amount and will pay a predetermined 'limit' for each day after the seven cold days have occurred and the temperature falls below -2°C. The policy will have a 'maximum limit' that cannot be exceeded during the period.

Our second policy takes a measurement of the total °C over the policy period below an agreed 'deductible'.

The policy will pay out once the temperature in the period, as defined, falls below a certain level and pays an amount for each °C below that 'deductible' point.

Therefore, if your business can tolerate an average amount of 15°C below freezing then this can be the 'deductible' at which the policy attaches.

The policy will pay an agreed amount per °C excess of 15°C up to an agreed maximum during a policy period.

In both these examples, all the measurements of the temperature are taken at the nearest meteorological station which means that any loss is proven using accurate and territorially specific data and does not have to be proved by the policyholder.

The U.K. has had two serious freeze periods recently where the average temperatures in January and December 2010 fell below freezing: -0.3°C in January and -1.5°C in December. Homeowners' portfolios suffered from an increase in escape of water claims and there was also a major financial impact across a wide range of industries, costing U.K. insurers a combined £1.5 billion a day during the period. In 1963 the average temperature for January was -4.6°C. A policy from [Excessweather](#) can address these issues.

(Source: U.K. Meteorological Office and Aon Benfield)

[Excessweather](#) requires five key pieces of information to create a policy, and this is then personalised to fit the needs of your company:

1. Location of risk
2. Minimum of five years' loss history with specific losses from rainfall
3. Limits
4. Excess and deductible
5. Policy period

We are available to review your information to assist in the setting of the 'excess' and 'deductible' points and provide a range of quotes based on these factors.



Questions

Q: My business only needs to protect against cold weather at certain times of year?

A: We can tailor the policy to cover whole periods, weekdays, or weekends

Q: What happens if the temperature doesn't fall to the level of my policy, do I get my money back?

A: No, the policy is an insurance policy and only pays out if the insured peril occurs

Q: Temperatures can vary over very small areas. What happens if it is warmer at the weather station than at my business?

A: We have a vast network of weather stations that we can utilise for measurement and that we can incorporate in the construction of your policy. We will include as many weather stations in the close proximity to your business as required giving you the best cover possible.

However, if this did occur, you would not get the pay out. Equally if the reverse occurred, if it was colder at the weather station but didn't affect your business, we would pay.

Q: How can you afford to take these risks?

A: We are a specialised insurance business and are supported by major insurers and reinsurers. We are a Financial Conduct Authority (FCA) regulated company and your premiums are held in a separate account protecting your money.

If you have any more questions or want any more details about this or any of our other products please contact us at: contactus@excessweather.com

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