DRY

Can your company be affected by prolonged and excessive dry 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 abnormal weather. Our policies address these issues and reduce the financial volatility that abnormal 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 dry 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 dry weather. Then it's up to you to decide how dry 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 from the satellite or at the local weather station exceed the excess then the policy pays.

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

So, for example, if you're a garden centre and there are seven dry days in a row, and after that a hosepipe ban causing your stock to perish, we will agree a limit and a premium to cover you for damage to stock and additional costs incurred after the initial seven-day period.

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 - Dry	A number of predetermined millimetres of rain that act as trigger before the policy becomes active.
Excess	The measurement of rainfall in millimetres below that the policy starts to pay.
Limit	The amount paid for each day above the excess or millimetres of rainfall below the excess point.
Maximum Limit	The maximum recovery from a policy.
Meteorological Station	The local weather station from where all measurements that applies to the policy is taken.
Satellite Data	The use of satellite data can be used in 5x5km or a vast majority of the world. This can measure rainfall to 0.1mm. For more information about the uses of this data, please contact us directly.

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 rainfall are taken using satellite data or using a weather station(s) that are closest to the risk to be covered. This weather station or satellite grid square will be stipulated in the policy. In the case of multiple risks or a portfolio of risks then a panel of weather stations or grid squares 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 ‘excess’ on our first policy is measured in days and in the second it is measured in millimetres of precipitation.

The ‘deductible’ of the policy is the amount of days or measurement of rain during the policy period and below which point the policy becomes live.

The policy will stipulate an agreed ‘limit’ per day or millimetre of rain and also a ‘maximum limit’ being the maximum that the policy will pay during the period.

Our first policy responds to the measurement of rainfall during a day. The policy will pay a fixed amount for each ‘dry day’ after a ‘deductible’ of a number of days and when the rainfall is below an ‘excess’ of millimetres of rain on that day.

So, if your business can tolerate little or no rainfall for a seven-day period then this can be the ‘deductible’ for your cover. If rainfall is less than five millimetres per day and has an effect then this can be the daily ‘excess’.

The policy will then become active if a ‘deductible’ of seven days of rainfall is less than five millimetres per day and occurs within the period of the policy. The ‘limit’ of the policy is a set amount and will pay a predetermined sum for each day after the seven dry days have occurred and rainfall is below five millimetres. The policy will have a ‘maximum limit’ that cannot be exceeded during the period.

Our second policy takes a measurement of the total rainfall over the policy period.

The policy will pay out once the rainfall in the period, as defined, is below a certain number of millimetres and pays an amount for each millimetre below that ‘deductible’ point. An ‘excess’ for each day can also be incorporated.

Therefore, if your business requires an average amount of rainfall in a month of 50 millimetres then this can be the ‘deductible’ at which the policy attaches.

The policy will pay an agreed amount per millimetre below 50 millimetres up to an agreed maximum during a policy period.

In both these examples, all the measurements of the rainfall are taken using satellite data or 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.

In 1976 the rainfall in June, July and August was measured at 37 millimetres at one U.K. weather station. The normal average is 85mm. During the winters of 2010 and 2011 rainfall across the U.K. was below average leading to hosepipe bans in the summer of 2012. A policy from Excessweather can address those issues.
(Source: U.K. Meteorological Office)

Excessweather requires five key pieces of information to create a policy, which are 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 abnormally low rainfall at weekends as I do little business during the week?

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

Q: What happens if it rains, do I get my money back?

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

Q: Rain is a very localised event. What happens if it doesn't rain on my business but does rain at the weather station?

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 rained at the weather station but didn't affect your business, we would pay.

The application of satellite data in select areas means that we can monitor rainfall throughout the year and can be much more localised than a weather station. This gives enhanced coverage and can be used alongside weather station data for more accurate measurements.

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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