HOT

Can your company be affected by a prolonged and excessive heat wave? 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 hot weather. Our policies address these issues and reduce the financial volatility that hot 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 hot 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 hot weather. Then it's up to you to decide how hot the weather needs to be, and how much money you would need to recoup your losses.

Our policy pay out 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 hot 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 ice-cream maker and a period of above average temperatures requires an increase in production involving a rise in manufacture and distribution expenses, Excessweather can tailor a policy to recoup those costs.

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

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

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

The policy will stipulate an agreed ‘limit’ per day or °C 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 ‘hot day’ after a ‘deductible’ of a number of days and when the temperature goes above an ‘excess’ of °C on that day.

So, if your business can tolerate a hot spell of 14 days then this can be the ‘deductible’ for your cover. If a temperature of over 30°C has a detrimental effect then this can be the daily ‘excess’.

The policy will then become active if a ‘deductible’ of days of temperatures exceeding 30°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 14 hot days have occurred where temperatures exceed 30°C. The policy will have a ‘maximum limit’, which cannot be exceeded during the period.

Our second policy takes a measurement of the total temperature in °C over the policy period.

The policy will pay out once the °C in the period, as defined, exceeds a certain temperature and pays an amount for each °C above that ‘deductible’ point. An ‘excess’ for each day can also be incorporated.

Therefore, if your business can tolerate an average temperature per day in a month of 30°C then this can be the ‘excess’ above which the policy starts to react.

The policy will pay an agreed amount per °C in excess of an aggregate of degrees above 30°C per day 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.

Above average temperatures, at any time of year, can have an effect on a variety of industries. One major utility in the U.K. has announced in 2014 that above average temperatures during last winter led to a fall in demand and, therefore, a fall in profits. A policy from Excessweather can address those issues.

Excessweather requires five key pieces of information to create a policy, 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 high temperatures
3. Limits
4. Excess and deductible
5. Policy period

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

Q: My business only needs protection against high temperatures during the week as I do little business at weekends?

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

Q: What happens if it isn’t too hot, 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 fluctuate between areas close together. What happens if it is hotter at my business than it is 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 is hotter 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