SOMPO INTERNATIONAL
REINSURANCE

UT Law Conference

Renewable Energy

January 2018

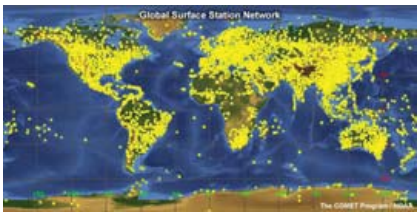
Weather Risk Management

Weather risk refers to earnings or budget volatility caused by variable weather expressed as an objective index

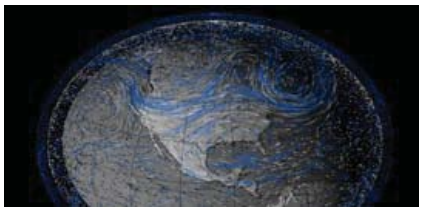
Weather risk management involves buying a financial protection product based on that same index which helps mitigate this volatility

Weather Data

GROUND OBSERVATIONS



SATELLITE DATA



INDEPENDENT, QUALITY-CONTROLLED SETTLEMENT DATA

Temperature	Precipitation
Snowfall	Hurricanes
Solar Irradiance	Wind Speed
River Depth	Wave Height

HIGH-QUALITY WEATHER DATA, AVAILABLE ACROSS THE WORLD AND PROVIDED BY GOVERNMENT WEATHER AGENCIES AND PRIVATE ORGANIZATIONS, CAN BE USED FOR BOTH HISTORICAL MODELING AND TRANSACTION SETTLEMENT.

Key Industries Exposed to Weather Risk

There is increasing interest for structured protection from buyers in a variety of industries exposed to variable weather:

Agriculture	Crop yield, handling, storage, pests
Construction	Delays, incentive/disincentive clauses
Energy (Traditional)	Fluctuating demand
Energy (Renewable)	Fluctuating supply
Entertainment	Postponements, reduced attendance
Food & Drink	Reduced demand, increased raw material costs
Governments	Budget overruns
Insurance	Increased claims
Manufacturing	Reduced demand, increased raw material costs
Retailing	Reduced demand of weather-sensitive products
Transportation	Budget overruns, delays

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Title search: Innovative Insurance and Risk Management Products and Emerging Trends in the Renewables Sector

Also available as part of the eCourse
Answer Bar: Navigating a Renewable Energy Project

First appeared as part of the conference materials for the
2018 Renewable Energy Law session
"Innovative Insurance and Risk Management Products and Emerging Trends in the Renewables Sector
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