

Parametric Products

This non-traditional insurance method has matured over recent years and it's exciting to see the solutions that can be achieved with parametrics that are not possible with conventional insurance products.

Parametrics aren't designed to replace traditional insurance programs but can complement them. They can fill the protection gaps like self-retentions, can provide cover for risks that are typically excluded in the traditional markets and can offer financial certainty where the insured has no control over the underlying asset.

What does it cover?

- Deviations in costs, revenue or margin caused by Acts of God or Nature
- Can be focused on events or exposures not directly related to the Insured's own assets or premises, but which can affect their own financial performance

Triggers:

- Named Hurricanes
- Earthquakes
- Lack of sunshine
- Excess average rain
- Drought
- Freezing temperatures
- Wildfire and many more

How it works:

- Pays in case of **adverse** weather (weather or weather-derived indices) or natural catastrophe
- Triggered **only** by weather
- Trigger event based on data from an independent and reliable third party (agreed by Insured and Insurer) providing natural phenomenon data
- Pays out on event rather than specific physical damage
- 100% **automated** processing
- Typically faster payouts

Potential Buyers:

Hotel / Leisure / Entertainment	Sports	Events and Event Venues	Renewable Energy Producers
Energy Suppliers	Wine producers	Farmers	Ancillary Agricultural Companies
Food Processing	Commodities producers, handlers and processors	Property Owners	Financial Institutions

Case Studies:



Power Industry

A power producer's sales are affected by both demand and price volatility caused by extremes of weather. Warmer winters in cold climates produce less demand for heating energy, and conversely colder summers in warmer climates produce less demand for air conditioning energy.

Renewable energy providers are specifically dependent on predicted standard weather conditions. Any lack or excess of wind, sun or water affects the balance sheet. A parametric product was designed to protect the Insured's predicted revenue and/or margin against the most excessive extremes.



Food and Agriculture

Dairy farming: The effect on milk production due to low grass growth can be devastating to a farmer. A product for Prairie/Meadow exposure is available for the extremes of this event. NB: The same exposure and risk exists for all handlers and producers in the Dairy chain of products. This cover is available for all of these entities, even if the raw material supply under subject is located on the other side of the World.

Wine production: Wine producers have multiple exposures to weather which can be covered, but Spring Frost is something that is a concern to growers for which a parametric product will respond. Customers/suppliers in the distribution chain may be susceptible to similar revenue exposures and supply chain disruption.



Leisure and Entertainment Industry

A major sports team depends on good weather for key Game weekends to maintain expected revenue levels. If over the course of a season those particular days encounter worse weather than normal then revenue drops substantially. A parametric product was designed to allow the Insured to predictably smooth their revenues against the worst case scenario.



Potato farming: A potato chip or frozen French fries manufacturer is dependent on the supply of potatoes from a specific region/genus. If the crop yield is affected by bad weather at specific times of the year then their cost and revenue base is heavily affected. A parametric product for protecting this extreme event not only protects them but also allowed them to understand their own revenue exposure in the supply chain.

Production: A farming co-operative that produces a specific spice constitutes a small percentage of the market. Over 75% of the Global production is made in a different Country. The weather in this other Country dictates the market price of the spice. The co-operative's exposure to revenue/margin deviation was higher to this event in another Country than it was in it's own. A parametric product protects this even though they themselves have no viable insurable interest in the goods affected elsewhere.

Our expertise

METEOPROTECT



Cooper Gay is part of Corant Global. Our specialist parametric team, MeteoProtect has been active in the index/parametric insurance and reinsurance market since 2011. MeteoProtect is a unique team made up of experts in meteorology, climatology, agronomy and data science. Our product offering started with weather risks, evolved into natural catastrophes (notably hurricanes and earthquakes) and is now being adapted to new risk categories.

Find out more

Talk to one of our team today to find out more:

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