Management of Weather Risks in Other Industry Sectors
Weather Volatility

- There is significant volatility in all locations (even over a full year)
- Clear warming trend
- There is little correlation between locations
Contrasting Concerns in Four Sectors

Retail, Leisure & Hospitality: Protecting revenues
- Loss of attraction and footfall results in loss of revenues

Resilient Communities: Ensuring rapid response
- Delayed emergency response increases the human impact and economic costs

Adverse Weather

Construction: Mitigating increased costs
- Project delays result in increased costs or fines

Transport & Logistics: Protecting the brand
- Delays and cancellations result in loss of customers and brand value
Retail, Leisure & Hospitality
Protecting revenues

Adverse Weather
- Extreme cold
- Excess rainfall
- Snow
- Unseasonal weather
- Windstorm

Loss of Attraction
- Impeded logistics
- Restricted access to venue
- Cancellation of event
- Customers change their plans
- Reduced sales of seasonally sensitive products

Reduced Customers
- Reduced footfall
- Cancellation of booking
- Shortened leisure season
- Rebate of pre-sold tickets

Reduction in Revenues
- Loss of sales
- Reduced occupancy rates
- Loss of merchandising revenue
Construction
Mitigating increased costs

Adverse Weather
- Extreme cold
- Excess rainfall
- Snow
- High wind/wave height
- Windstorm

Loss of Construction Days
- Unsafe working conditions
- Inability to operate
- Impeded logistics
- Restricted access to site

Delay in Completion
- Project misses agreed completion date

Additional Costs
- Liquidated damages
- Stand down or additional wage costs
- Cost of evacuating personnel
- Additional equipment hire costs

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Resilient Communities
Ensuring rapid response

Adverse Weather
- Severe winter
- Drought
- Flood
- Windstorm

Impacted Communities
- Insufficient food and water
- Loss of livelihoods
- Damage to infrastructure
- Increased demand on emergency services
- Perpetuates future poverty

Emergency Response
- Emergency services
- Disaster relief and overseas aid
- Ensuring safety of people and property
- Clean up

National or Local Budget
- Over-run of snow removal budget
- Increased maintenance costs
- Additional costs of drafting in aid
- Delayed response time increases impact and long term cost of event
Transportation & Logistics
Protecting the brand

Adverse Weather
- Extreme cold
- Snow
- Windstorm
- Ash cloud

Impeded Logistics
- Impeded road, rail and air logistics
- Flight cancellations and delays
- Additional de-icing requirement
- Failure to meet just in time delivery deadlines

Dissatisfied Customers
- Reduction in passenger numbers
- Loss of customer loyalty
- Reimbursements to dissatisfied customers

Loss of Brand Value
- Loss of revenue
- Additional costs of rerouting and customer care
- Long term impact on brand
- Cost of promotions/rebates to attract back customers
Weather-Index Solutions
How do they work?

- Weather-index solutions provide a way of hedging the financial impact of adverse weather on a business
- Cover responds to changes in a weather index as opposed to specific weather events such as hurricanes
- The reference weather index is based on data from an official source
- Data is required in a consistent format retrospectively for underwriting and prospectively for claims calculation
- Claims paid based purely on the value of the index rather than the actual loss suffered by the insured
- Claims settlement is quick
- Careful calibration of the index is critical to the performance of the solution
Claire Wilkinson
Managing Director, Alternative Risk Transfer Solutions, Willis Towers Watson

Claire is a Managing Director in the Alternative Risk Transfer Solutions practice, and co-head of the Willis Towers Watson Global Weather Practice. Based in London, she is responsible for the origination, structuring and execution of weather-related solutions for companies across all industry sectors on a worldwide basis. She is also responsible for developing alternative risk financing and index based solutions to address complex risks. Claire is supported by a global team of over 50 mathematicians, actuaries, engineers, scientists and risk consultants.

Education and Credentials

- BSc (Hons) degree in Mathematics and Statistics
- Post Graduate Certificate in Education
- Associate, Chartered Insurance Institute (ACII)
- Associate, Risk Management (ARM)
- FCA approved person for securities and financial derivatives

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Thank You!