



Expertise... Agility... Innovation

As a leading global provider of weather risk management products, the Sompo Global Weather team is dedicated to customizing weather protection solutions to our clients' unique weather-driven challenges.

With a depth of experience borne out of innovating weather risk management products since the market's inception more than 15 years ago, we not only offer our clients WeatherLock[®] and CommodityFlex[®] products but also provide key analysis and transaction structuring services. Our ability to execute within a short timeframe enables our clients to move quickly on opportunities that require speed and precision in a dynamic marketplace.

Traditional Weather Protection Products

WeatherLock[®]

- TempLock[®]
- RainLock[®]
- SnowLock[®]
- RiverLock[®]

CommodityFlex[®]

- PowerFlex[®]
- GasFlex[®]
- OilFlex[®]

Renewable Energy Products & Services

WeatherLock[®]

- WindLock[®]
- SolarLock[®]
- HydroLock[®]

ConstructionLock[®]

- Mitigates financial exposure to project completion delays due to weather
- Combines with production hedging to provide end-to-end project weather protection

Project Risk Management

- Production Simulation
- WeatherLock[®] Structuring/Pricing/Execution

Portfolio Risk Management

- Production Simulation for Refinancing
- WeatherLock[®] Structuring/Pricing/Execution for Asset Portfolios
- Overlay Hedges for Wind-Linked Bonds

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SOMPO GLOBAL WEATHER

WeatherLock[®] and CommodityFlex[®]

Structured weather protection products
tailored to the agricultural industry



To learn more, visit us at:
www.sompo-intl.com



Weather Risk Solutions for Agricultural Protection

Sompo Global Weather (SGW) offers structured weather risk management solutions for the agricultural industry through our WeatherLock® and CommodityFlex® suite of products. Our experienced weather risk team works closely with clients to develop innovative and flexible weather protection products that vary in duration. Products can range from very simple to highly customized structures depending on client's specific requirements.

Our weather protection products are structured using local data and information that is familiar to the farmer. Coverage can be structured to supplement US Government Multi-Peril Crop Insurance (MPCI) program or on a stand-alone basis, for example crops not covered by the MPCI program.



WeatherLock®

SGW's WeatherLock® suite of products includes RainLock®, TempLock®, and RiverLock®. WeatherLock® products are typically single weather trigger protection with a fixed payout per weather unit (e.g., inch of rain or degree of temperature) which cover a range of adverse weather conditions from critical events such as freeze to seasonal variations like cumulative rainfall.

The following examples illustrate potential contract structures:

The Challenge

A farmer is concerned about a lack of consistent rainfall in July leading to a depressed yield on his bean crop.

The Sompo Global Weather Solution

SGW works with the farmer to structure a RainLock® contract customized for his growing conditions, cost variables and risk exposures. In this case, the contract is indexed to cumulative "key rainfall" struck at 50% of the historic average rainfall with a cap on daily rainfall of one inch to eliminate the contribution to the index of "run off water" during heavy storms.

Location	McPherson, KS
Term	1 Jul 2014 through 31 Jul 2014
Index	Cumulative Key Rainfall, defined as the sum of daily rainfall over the period subject to a 1" daily cap
Rainfall Strike	2.5" (SGW pays below Strike)
Notional	\$50 per inch per acre
Contract Limit	\$125 per acre

These risk scenarios are examples and actual coverage is subject to the specifics of each issued product.

CommodityFlex®

SGW's CommodityFlex® products combine one or more weather volume variables and a related commodity variable offering payments tailored to specific scenarios based on the interaction of these components. As with WeatherLock®, weather variables include temperature, precipitation, and river conditions as well as other perils. Commodity indices can include agricultural prices such as corn, wheat and cotton as well as natural gas and power across key energy markets.

The Challenge

A farmer wants to utilize the futures market to lock in a sales price for his expected crop yield but is wary of adverse weather impacting yields, potentially leaving him net short corn futures and exposed to rising prices.

The Sompo Global Weather Solution

SGW and the farmer structure a CommodityFlex® product that provides protection against high corn prices in years where below average rainfall could decrease yields.

Station	RMA Grid Point 24146 (Grundy Co, MO)
Term	1 Jul 2014 through 31 Jul 2014
Index	Cumulative Key Rainfall, defined as the sum of daily rainfall over the period subject to a 1" daily cap
Notional	20 bushels per acre per inch of rain below strike
Corn Price Strike	\$4.75 per bushel
Rainfall Strike	5"
Payout	[Max (0, 5" - Cumulative Key Rainfall)] x [Max (0, Corn - \$4.75)] x 20 bushels/inch <i>*Both the rainfall and corn price strikes must be breached to trigger a payout</i>
Contract Limit	\$400 per acre