



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

• WindLock[®]

Cumulative production floor which protects wind farm operators in low wind years

• SolarLock[®]

Cumulative production floor which protects solar farm operators in low solar years

• HydroLock[®]

Precipitation insurance to cover hydro operator in low hydro years

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
ConstructionLock[®]

Financial Weather Risk Management



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



Extreme Weather Events Can Delay Construction Projects Increasing Costs and Penalties

To manage this risk, Sompo Global Weather has created ConstructionLock® – a highly flexible financial product that enables the management of revenue shortfall risks due to unforeseen delays caused by adverse weather.

Single or Combined Events Indexed To:

- Wind Speed
- Temperature
- Snow Fall
- Precipitation
- Wave Height

...Can be Used to Provide Protection Based On:

- Simple linear or digital one-off payments
- Payments that accelerate with severity of an event
- Payments incorporating detailed cost components (labor, materials, etc.)



The Challenge

A construction company has been awarded a 12 week project in Northern Europe. The project owner has granted the construction company 5 grace days, after which point the contractor will owe the project owner 50,000 per day in liquidated damages. As the project is scheduled for winter, the construction company has concerns that an extended period of extremely low temperatures could result in completion delays in excess of the 5 grace days and cause penalty payments that will erode the profitability of the project.

Adverse Weather Days (AWDs)

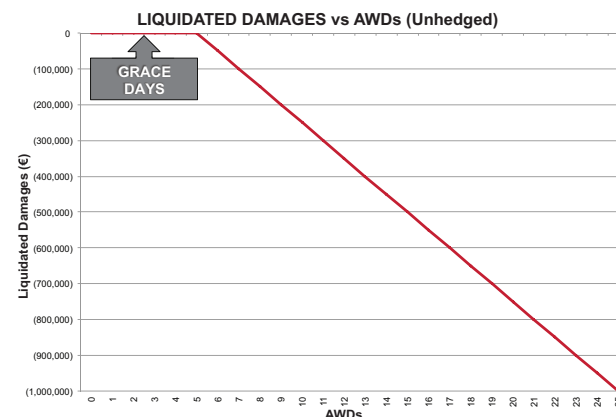
AWDs are defined as weekdays when the average temperature is below 0 degrees Celsius between 07:00 and 17:00 hours.

The Sompo Global Weather Solution

Sompo Global Weather works with the contractor to structure a tailored ConstructionLock® product that pays a rate of 50,000 for every day during which the average hourly temperature between 07:00 and 17:00 hours is below 0 degrees Celsius. Payouts start after 5 AWDs have been recorded. With a limit of 1,000,000 the client is protected for a total of 20 AWDs.

Project Site	Amsterdam
Term	The 3 month period from 1 February 2017 to 30 April 2017
AWD Index	Any day in the Term during which the average hourly temperature between 07:00 and 17:00 hours is below 0 degrees Celsius
Strike	5 AWDs
Notional	50,000/AWD
Payout Limit	1,000,000 (Equivalent to 20 AWDs)
Premium	100,000 (10% of Payout Limit)

DELAYS DUE TO ADVERSE WEATHER CAN BE COSTLY



CONSTRUCTIONLOCK® MITIGATES PENALTY PAYMENTS

