



Who are the role players?

Market makers

Big reinsurance companies provide pricing platform and securities

Swiss based service provider

Pricing and administration platform

WeatherInDe

Marketing, administration and compliance

Insurance versus Weather Derivatives

Insurance

- Proof of loss
- Limited to % of long term average
- Rigid
- Limited to grain farmers

Weather Derivatives

- Measured index
 - Not limited to long term average yield
 - Customisable
 - Not industry specific
-

Contract specifications

Contract type

- Rainfall
 - Cumulative
 - Rain days
- Temperatures
 - Maximum
 - Minimum
 - CAT
- NDVI

Location

- Satellite grid position
 - (NASA)
- Weather station
 - (Speedwell)

Length of contract

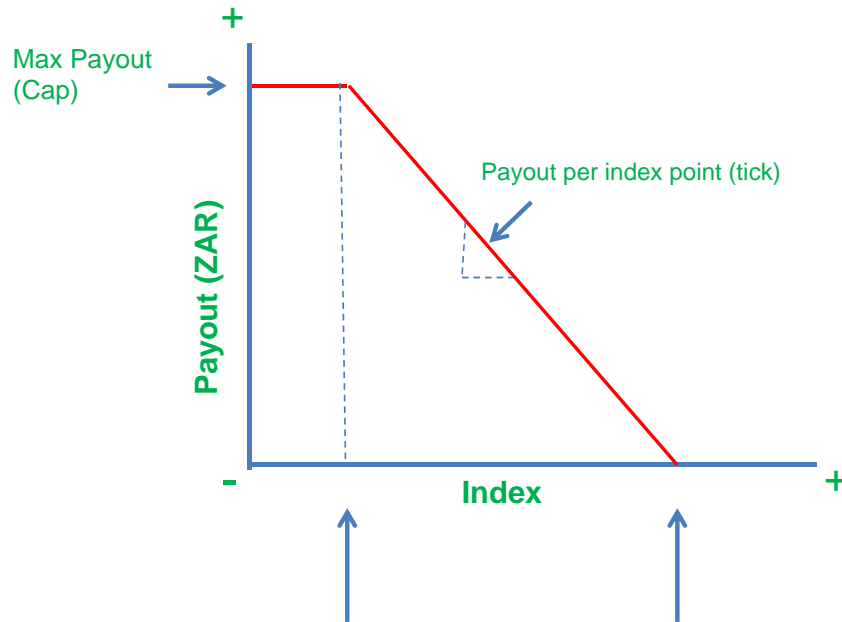
- Minimum
 - 3 days
- Maximum
 - 1 year

Pay-out structure

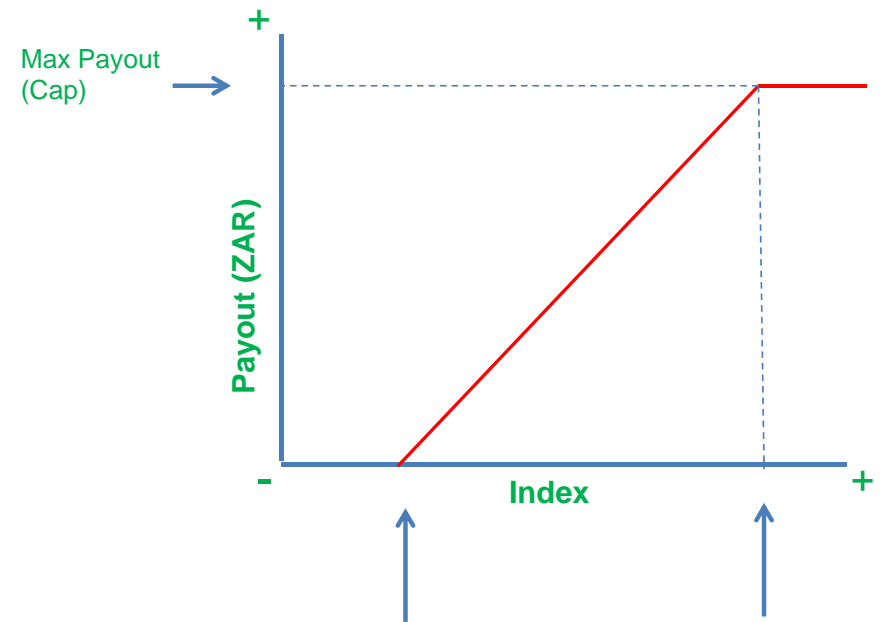
- Strike value
 - Start of pay-out
- Tick value
 - Value per unit
- Exit value
 - Total value of contract

Difference between PUT and CALL Option

Put



Call

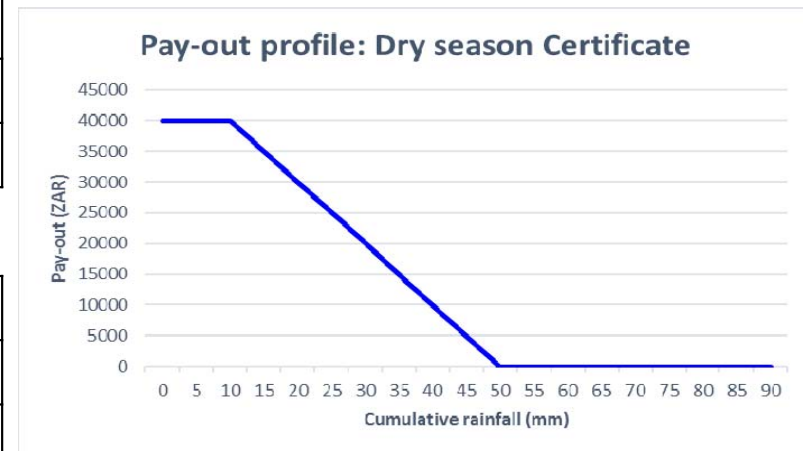


Example: Dry Season Certificate (PUT- Option)

Cover Period	1.11.2015 – 7.11.2015
Location	297203, 35.8 0.5, ZA
Strike (When pay-out starts)	< 50 mm

Pay-out structure

Pay-out per mm	ZAR1 000/mm
Maximum Pay-out	ZAR40 000
Premium	ZAR4 000

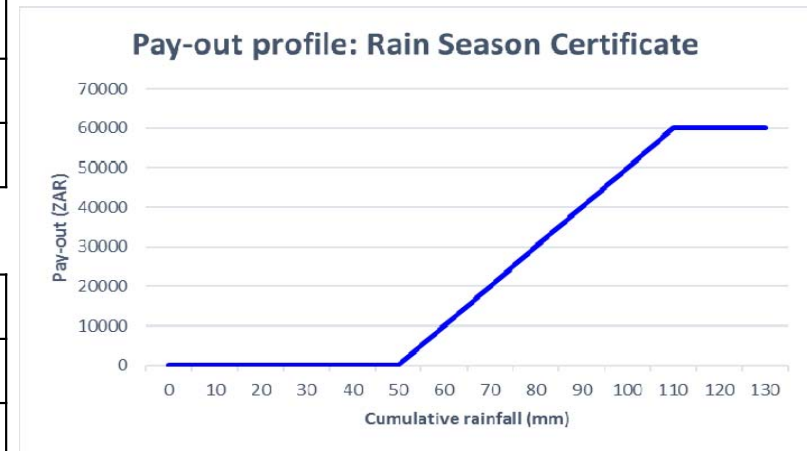


Example: Rain Season Certificate (CALL- Option)

Cover Period	1.11.2015 – 7.11.2015
Location	297203, 35.8 0.5, ZA
Strike (When pay-out starts)	> 50 mm

Pay-out structure

Pay-out per mm	ZAR1 000/mm
Maximum Pay-out	ZAR60 000
Premium	ZAR4 000

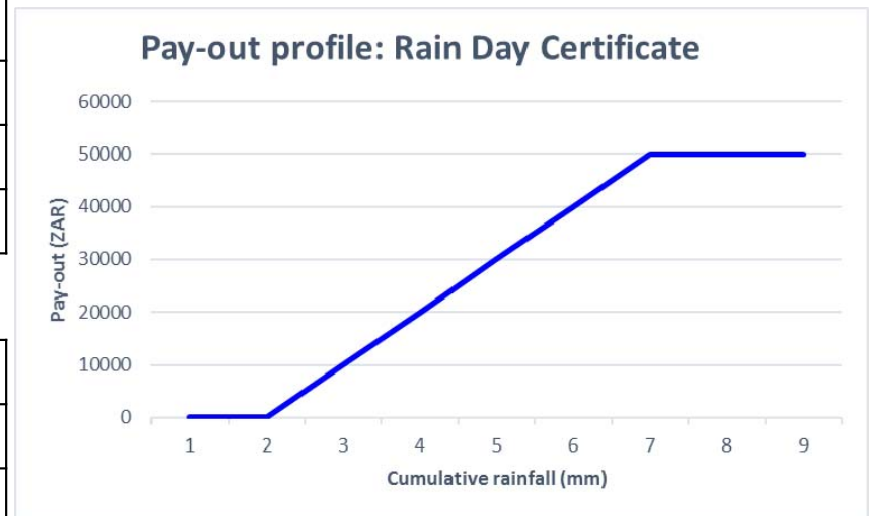


Example: Rain Day Certificate (CALL- Option)

Cover Period	1.11.2015 – 7.11.2015
Location	297203, 35.8 0.5, ZA
Threshold	>20 mm per day
Strike (When pay-out starts)	> 2 Rain days

Pay-out structure

Pay-out per rain day	ZAR10 000
Maximum Pay-out	ZAR50 000
Premium	ZAR5 000



Pricing data provided



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Geo Quote

Distribution Channel / Pricer Engine CP		Distribution Channel / Pricer Engine Settings ⓘ																									
Station \ Region 505140, 26.8 -27.2, ZAF South Africa Go back to map		Load Trading Id Trade ID: <input type="text"/> <input type="button" value="Load"/>																									
Underlying Daily Rainfall		Dataset NOAA ARC2																									
Certificate Dry Season Certificate (Cumulative Index in mm)																											
Product Settings ⓘ																											
Period From: 01.11.2016 To: 31.12.2016 (dd.mm.yyyy) <input type="checkbox"/> Weekdays <input type="checkbox"/> Weekends only <input type="checkbox"/> Custom Cover Period/Total Period: 61/61																											
<input type="button" value="Index"/>																											
Strike Level 90 84 - 186		Index Statistics Index average 25 years: 160.70 StDev: 51.11 Copy Index Index average 10 years: 150.70 StDev: 50.89 Copy Index Data Linear Trend: Trend Negative MK Trend: No Trend																									
Payout per Indexpoint (Tick) 20'000 ZAR		Offer Scale																									
Maximum Payout (Cap) 800'000 ZAR Max: 1'800'000		<table border="1"> <thead> <tr> <th></th> <th>Price 1</th> <th>Price 2</th> <th>Price 3</th> <th>Price 4</th> <th>Price 5</th> </tr> </thead> <tbody> <tr> <td>Factor</td> <td>0.6</td> <td>0.7</td> <td>0.8</td> <td>0.9</td> <td>1</td> </tr> </tbody> </table>			Price 1	Price 2	Price 3	Price 4	Price 5	Factor	0.6	0.7	0.8	0.9	1												
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Thank you

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