

Allianz Risk Transfer N.V.
NEWS RELEASE
For immediate release

Weatherproofing your profits?

Amsterdam, 5th October 2010: Allianz Risk Transfer N.V. , Galileo Weather Risk Management, and Nephila Capital Ltd have partnered to provide Frost Delay or Vorstverlet coverage to the construction industry in the Netherlands to complement their weather covers worldwide.

A harsh winter can have a big impact on the profit and liquidity of a construction company. On an ongoing basis, costs -- such as salaries, deployment of equipment and overheads -- continue while work may come to a halt as a result of bad weather.

Up to and including winter 2006/2007 the Dutch construction sector had a fund (Risicofonds voor de Bouwnijverheid, or "Risicofonds") in place to cover companies against losses as a result of frost. The main risk they faced was continued wage payments during freezing conditions while the workers are allowed to stay home according to the collective labour agreement or work became practically impossible.

After winter 2006/2007 the fund and thereby the mandatory participation came to an end. In both winter 2007/2008 and 2008/2009 a Dutch bank offered frost hedges to the construction sector on an individual basis but discontinued this offering after 2009. Thereafter the sector has been looking for an alternative. The recent cold winter has shown the sector can't do without a mechanism to hedge frost risk.

Allianz would cover construction companies against additional costs when they are obliged to send their workers home from a construction site due to low temperatures. The temperatures and their various levels of severity have been structured and priced in partnership with Galileo and Nephila. Covers are available based on the criteria set out in collective labour agreements, including wind chill, temperature and other indexes -- such as ground freeze for companies that are engaged in ground work.

"This is a great example of how ART works to partner with specialist service providers such as Galileo to develop innovative new products and to expand the options available to our clients to mitigate weather risk in any given market" John Arpel, Managing Director of Allianz Risk Transfer N.V.

About Galileo Weather Risk Management

Galileo Weather is a specialist Energy and Weather Risk Underwriting Company. It creates and tailors products which are designed to manage the financial exposure of its clients to variations in demand or supply or operational risks driven by weather conditions which may also be coupled with changing commodity price.

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About Allianz Risk Transfer

The Allianz Risk Transfer Group ("ART") was founded in 1997 as the center of competence for the alternative risk transfer business within the Allianz Group. As part of Allianz Global Corporate & Specialty, ART provides industrial, financial and insurance companies worldwide with innovative solutions in the management of risk. Its client base spans across all industry sectors. ART is a preferred partner of Galileo Weather Risk Management in the provision of weather risk solutions to clients globally. ART has a AA- insurer financial strength rating by S&P. Further information about ART is available at www.art.allianz.com.

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