



## **ADVANCES IN WEATHER PRODUCTS, TECHNOLOGY AND MARKETS HIGHLIGHTED AT WRMA'S 10TH EUROPEAN MEETING**

PARIS, FRANCE (24 November 2009) -Weather Risk Management Association's (WRMA) 10th European Meeting focused on the advances being made in weather markets, technology and products. The meeting was held 11-13 November 2009 in Paris, France.

It was fitting for the meeting to be sited in Paris as France is the biggest agricultural exporter in the European Union (EU). The meeting looked at how the development of multi peril agriculture insurance is helping agribusiness mitigate its financial losses. In 2008, the EU made alterations in its crop, animal and plant insurance programs, allowing Member States to fund a certain portion of the insurance. While these new tools are helping farmers, there is some thought that perhaps an EU-wide risk management program might have benefits for the EU agribusiness sector.

One new tool being developed by the state and the private insurance industry is multi peril crop insurance. Hail insurance has always been key for French farmers. Yet there's a need for coverage that includes not only hail, but temperature and precipitation. Recognizing that need, there is a movement toward developing insurance that covers more than one type of weather peril.

The state of the European weather market remains strong. Agribusiness interest in weatherrisk products is on the rise. In Europe, the market is very focused on the end user and much more customized than in other world markets. Futures contracts are traded, but not to the extent they are in North America. The biggest users of weather risk management tools are the UK, due to the natural gas market, followed by France and Germany. There's potential for the Scandinavian weather markets to be large and Spain, due to drought and rainfall, could be a large market as well.

New regulations on risk management tools are likely to be promulgated over the next year by the European Commission (EC). As in the US, there is concern about reducing counterparty credit risk and operational risk, increasing transparency, and enhancing market integrity and oversight. The EC is scheduled to be rolling out new regulations and requirements over the next 18 months.

Weather data and weather forecasting continue to be integral parts of the weather risk industry. Supercomputing is helping to refine forecasts, removing more and more uncertainty. Challenges remain, however, especially when forecasting years in advance. Accurate weather data remains key to development of the weather risk market, especially in less developed countries.

WRMA would like to thank the sponsors of the 10th European Meeting: CME Group, Cumulus Fahrenheit Fund, Evolution Markets, Météo France, Metnext, Paris Re, RenRe, Speedwell Weather, and Swiss Re.

Thanks to Nicolas Chatelain of Paris Re for photo of the Eiffel Tower.

**Presentations from the meeting are available. Please contact Shirley Savage (contact details are below)**

### **About the Weather Risk Management Association**

Founded in 1999 by some of the leading companies in the industry, the Weather Risk Management Association (WRMA) is an international trade organization dedicated to promoting the industry, both to those within it and to end-users. The industry began in 1997, offering companies the opportunity to control their financial exposure to weather conditions. As a part of its mission, WRMA initiates surveys of the industry, advocates the standardization of contracts and other documentation used for transactions and sponsors forums and conferences around the world for members to meet and discuss a range of topics, such as international markets, data collection issues, and tax and legal matters.

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