



Weather Derivatives Market Shows Robust Growth in 2010-2011, Says the Weather Risk Management Association

HOUSTON, TX (May 20, 2011) – The market for customized weather derivatives grew by nearly 30% in the past year with the overall market increasing by 20%, according to the Weather Risk Management Association (WRMA) in its most recent survey on the state of the weather market. The total notional value for over-the-counter (OTC) traded contracts rose to \$2.4 billion in 2010-2011, while the overall market grew to \$11.8 billion. The latest survey results were released today at WRMA’s 13th Annual Meeting held at The Houstonian in Houston, Texas.

Worldwide, temperature contracts remain the most traded customized weather hedge. Growth was also seen in rainfall, snow, hurricane and wind contracts, representative of increased end user participation from a wider variety of industries such as agriculture, construction and transportation. Geographically, the number of contracts traded rose in the US, Asia and Australia with Europe posting the biggest gains.

“The growth in the customized weather derivatives market shows increasing participation from a wide variety of end users who recognize the value of actively managing their weather risk,” says Bill Windle of RenRe Energy Advisors and WRMA’s President. “The increased balance between the exchange-traded market and the OTC market demonstrates a greater interaction between market participants which creates a strong platform for future growth.”

The WRMA survey, which was conducted by PricewaterhouseCoopers LLP (PwC), gathers important data for the industry, such as the notional value of the contracts, contract types and regional breakdowns. The survey runs from April 1 through March 31 of the following year, in order to capture the complete winter and summer seasons. WRMA engages PwC to conduct this annual survey to ensure that an independent third party collects and tabulates the data.

About WRMA

The Weather Risk Management Association (WRMA) was created to be the industry association for weather risk management professionals to enhance public awareness of the weather risk industry and promote the growth and general welfare of the weather risk market. Since 1999, WRMA’s membership has grown to over 40 member companies from over 12 countries. 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. www.wrma.org

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