NOT IF, BUT HOW

Munich RE

Use Case
Severe winter cover in Canada

Your challenge

Adverse weather conditions led to higher-than-expected demand for assistance services, increasing personnel costs and pressuring profitability.

Client & Goal

Client
Roadside Assistance Service Company in Canada

Goal
Protection against high costs due to cold and wet conditions during winter leading to high demand of roadside assistance

Insured Risk
Combination of low temperature and high precipitation

Structure and Payment

Index
Cumulative min-temperature per month and cumulative precipitation per month

Limit
CAD 2,000,000

Strike
CAD 30,000

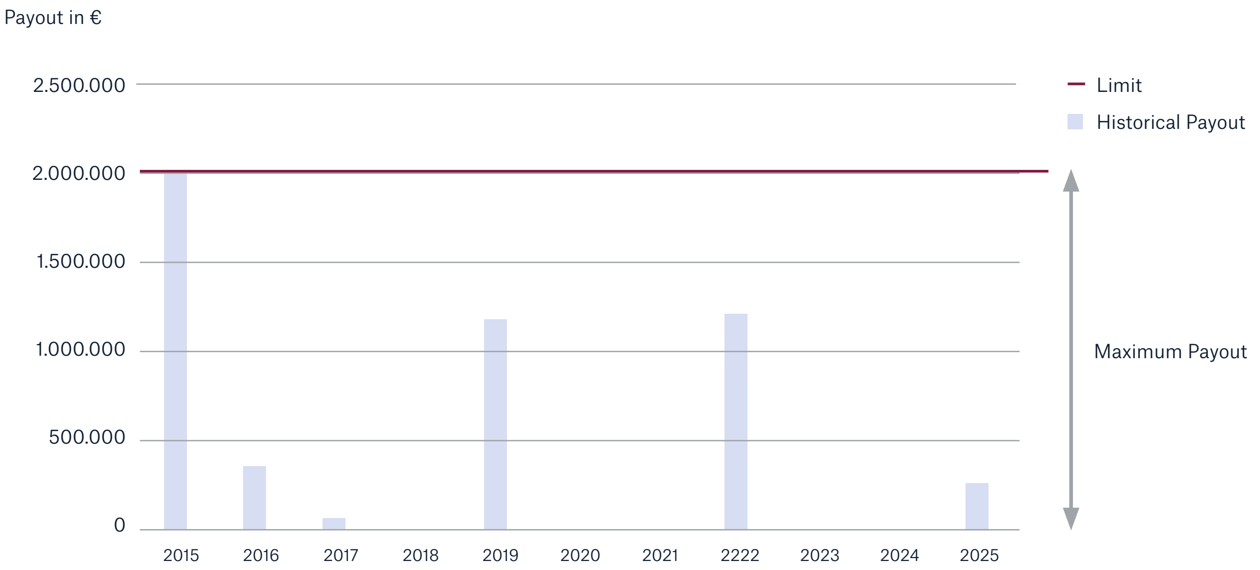
Tick Size
CAD 200

Insurance period
3 months (Jan – Mar)

Deal Index
With regression analysis including temperature and precipitation, high correlation was found between calculated historical payouts and actual (expenses for) roadside assistance

Payout
max [0,Deal Index - Strike] * Tick

Historical and Payout



The client’s benefits

- Access instant liquidity after a winter with warm conditions
- Free up capital held in contingency buffers
- Smoothen weather related volatility on their balance sheet

Glossary

Strike
The threshold up to which the insured retains responsibility for losses, effectively representing the deductible.

Limit (Maximum Payout)
The maximum amount that can be paid out within a single year.

Contact

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