

Weather certificates – the end of winter budgeting woes

A risk free and cost effective way to negate the impact of winter...

The Federation of Small Businesses estimated that last winter's severe conditions cost UK private sector firms around £600m a day and a total of well over £12bn.

It's harder to quantify the exact cost to the public sector, but as Tom Foulkes, Director General, Institution of Civil Engineers, highlighted in this publication, the transport network has yet to recover and there's little budget available to address the issues.

Add to this the knock-on effects of treacherous conditions and a paralysed transport infrastructure, particularly for the NHS – more accidents, fewer beds, depleted staff numbers and supplies, etc. – and you begin to get a better idea of the scale of the problem.

Recent evidence suggests the winters are getting worse and it's harder to define just what constitutes 'extreme' conditions any more. What is clear is that the Coalition Government's savage cuts mean the public sector cannot afford another winter of discontent. The risks must be managed.

At the Tory Party conference, David Cameron asked the country to 'find new ways of doing things', so what are the possible options in this case?

One innovative solution is the weather certificate, available in the UK for the first time this year. The certificate provides the buyer with a form of insurance against the effects of cold weather and can be tailored to a buyer's individual needs, risk profile and budget.

For a premium, clients then receive a pre-determined payout the minute pre-defined and, as far as their business is concerned, potentially damaging weather conditions are met over an agreed period of time.



These are measured according to the data recorded at one of 15 independent and World Meteorological Organisation-certified weather stations in the UK (part of a worldwide network of over 1,000). This means that, unlike conventional claims, there is no need for proof of loss or damage.

Simply put, weather certificates offer the opportunity to cap costs. Used as part of a wider seasonal risk management plan, they will enable more effective budgeting across the winter months while ensuring that the quality of frontline services is upheld.

Although widely used in Europe and the United States, these weather certificates have only recently become available in the UK, the result of collaboration between our company, Gritit, the country's leading winter gritting experts, and Celsius-Pro, a Zurich-based weather risk specialist.

The certificates are also backed by Swiss Re, one of the world's largest and most diversified reinsurers, bringing added security.

It's a simple and flexible scheme, too. The weather certificate can be set up only 20 days before the contract start date and, when the pre-defined conditions are met, the payout is automated and arrives within 15 days of the defined risk period's end.

The system is totally transparent: after purchasing a certificate, buyers

can log on to Celsius-Pro's website to track conditions at the relevant weather station. The value of their certificate, updated daily, can also be checked in order to start planning how best to apportion the payout.

Only time will tell if weather certificates are the answer (or part of the answer) to the public sector's winter woes. What is clear is that winter risk management cannot be ignored these days and, in light of recent experience, weather certificates would appear a sensible investment.

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