

Weather Insurance – Part Two

In part one, we briefly discussed that weather insurance is a method to protect event sponsors, manufacturers and service providers who are vulnerable to weather-sensitive losses. Weather-related insurance products protect against loss from excess rain, snow and temperature extremes. Besides forms that address rain-related loss, other types of weather-related insurance coverage is available. The following forms are commonly used for protecting special events, including:

Drought Insurance – Protects against loss against seasonal or growing-season risk of extended dry spells that would threaten crops or grazing livestock. Coverage is usually based on a specified level of expected rainfall over a given period.

Severe weather causing cancellation - Provides coverage if some described weather condition occurs within a specific time and/or date.

Example: Ciderburg's Appledaze Fest is the small town's largest source of income, but the three-day event is cancelled due to a prolonged stretch of violent storms. Fortunately, Ciderburg's town council always buys weather coverage and their coffers are unaffected; even after the cost of the policy.

Sky cover/sunshine - Provides coverage if designated percentages of cloudiness or sunshine during specific times on a specific day or dates is not reached.

Snow Insurance - Provides coverage against any measurable amount of snow during a specified time period.

Example: Polarville's Winterfest usually draws more than 30,000 to its events. A blizzard dumps nearly a foot of snow shortly after the fest begins and, as a result, less than 5,000 attend. Polarville's Snowfall policy paid off for the heavy loss. The policy was written to pay in the event that more than 10 inches of snowfall occurred within any 24-hour period of the festival's first two days.

Temperature Coverage - Insures against loss caused by maximum, minimum or average temperatures during specific hours, days or weeks.

Wind Coverage - It either covers against loss from higher or lower wind velocities compared to the average velocity over a three-hour period or against the fastest mile per hour wind speed.

A Weather policy only covers loss of income or revenue from the specific event. It is intended to restore a party to the financial condition that would exist had no loss covered by the Weather insurance policy occurred. Is your event or business "under the weather?" It may be worthwhile to contact an insurance professional and discuss whether Weather insurance could make things better.

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