

Press Release

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Weather derivatives community to develop WeatherML, an XML-based data protocol for weather derivatives trade data

Weather Risk Advisory, an independent software and consulting company specializing in weather derivatives, is leading an initiative to develop WeatherML, an XML-based data protocol for electronic processing of weather derivatives.

WeatherML will be developed and promoted on a global basis by the WeatherML Steering Committee, a group led by Weather Risk Advisory and comprised of key weather derivatives market players. The committee will include representatives of each type of organization within the weather derivatives trading community – trading organizations, banks, insurers, reinsurers, and brokers. WeatherML already has the backing of the majority of players in the weather risk market.

WeatherML will enable organizations to reduce trading costs and operational risks associated with the use of weather derivative products.

WeatherML will also offer increased flexibility in systems design and interfacing, and will facilitate enhanced scalability, particularly as it will not be tied to any operating system or programming language.



Weather Risk Advisory has been working on the WeatherML concept for the last six months, and Version 1.0 will be completed in the second quarter of 2001, from which time new interim releases will be issued approximately quarterly.

A proposal has been made to the industry's trade group, the Weather Risk Management Association (WRMA), for them to endorse WeatherML. WRMA is active in promoting the weather derivatives market and developing initiatives to support it, and it is hoped that the standard can be developed in partnership with them.

Peter Brewer, WeatherML Steering Committee Chairman and CEO of Weather Risk Advisory, said, "WeatherML will be adopted as the industry-wide standard. The wider its adoption, the greater its value to those involved.

"The weather derivatives market is still in its early stages, allowing the industry to reduce the costs of the inevitable standardization by developing and adopting WeatherML while the market itself is developing, and there are still a limited number of players. Weather Risk Advisory will be working closely with the creators of other XML standards, such as FpML (Financial products Markup Language), to ensure compatibility.

Jürgen Gaiser-Porter, WeatherML Standards Committee Chairman and Head of Research at Weather Risk Advisory said, "The broad range of players and the international nature of trading within the weather derivatives market brings additional challenges in developing standardized contracts and confirmations. WeatherML will make this possible, and in doing so will galvanize the weather risk community."

End of Press Release



Notes to Editors:

- WeatherML (Weather Markup Language) is a data standard for electronic processing of weather derivatives. It is XML-based and is designed to be broadly compatible with other XML data standards initiatives, such as FpML (Financial products Markup Language) and those covering reinsurance and energy trading. XML allows data to be presented in a format readable by both computers and people.
- The “WeatherML Overview draft v1.0” document, the “WeatherML Data Standard Specification draft v0.1” document, and other information relating to WeatherML is available on the downloads page of the WeatherML web site, www.WeatherML.org/downloads.htm.
- For further information, or to discuss joining the WeatherML initiative, please send an e-mail to info@WeatherML.org. Alternatively, please call David Foster on +44 1954 206246.
- Peter Brewer (WeatherML Steering Committee Chairman and Weather Risk Advisory CEO) has an extensive background in risk management systems and now specializes in weather risk management issues and the weather derivatives market in particular. Peter has a Masters Degree in Computer Science from the University of Cambridge and subsequently took a Masters in Finance at London Business School.
- Jürgen Gaiser-Porter (WeatherML Standards Committee Chairman and Head of Research at Weather Risk Advisory) has extensive experience as a project manager, and has also designed and implemented exotic interest rate option components, Monte Carlo engines for Value-at-Risk, and software implementations of Extreme Value Theory, all of which have

direct relevance to weather derivatives. Jürgen is an expert in probability theory, holding a PhD in stochastic processes from University of Tübingen in Germany.

- Weather Risk Advisory Ltd is an independent software and consulting company that specializes in weather derivatives.