



Swiss Re Corporate Solutions and Infigen Energy complete first-in-market wind risk hedge

Sydney, 24 June 2015 – Swiss Re Corporate Solutions and Infigen Energy have partnered on a first-of-its-kind wind risk hedge for a portfolio of windfarms. The hedge covers locations across South Australia, New South Wales and Western Australia for an excess of 500 megawatts of capacity.

The hedge reduces basis risk as it is based on actual energy production across multiple sites, as opposed to traditional wind protection solutions, which are tied to single-site modeled wind speed indices. The product pays Infigen Energy a fixed amount per megawatt-hour for power not generated due to low wind. Therefore, the structure increases cash flow predictability and helps avoid earnings volatility.

"Wind farm operators are constantly looking for ways to better protect themselves in low-wind weather cycles," says Jamie Summons, Swiss Re Corporate Solutions' Head of Weather Solutions for Asia Pacific. "By indexing the risk to actual energy production, Swiss Re Corporate Solutions has enabled Infigen Energy to directly transfer part of the risk of variable wind resource outcomes."

"We had been looking to devise a structure that would provide increased revenue certainty and allow us to better manage the variability associated with wind resource across our geographically-diverse Australian portfolio," says Miles George, Infigen Energy's Managing Director. "We are pleased to have collaborated with Swiss Re Corporate Solutions on a unique structure that works for both parties."

In addition to energy, industries such as agriculture, construction, tourism and retail sales are also intrinsically affected by adverse weather. Tailored hedging solutions can be designed to cover shortfalls and to compensate for when the sun doesn't shine or the wind doesn't blow.

According to Swiss Re's report, "Profiling the risks in solar and wind," demand for risk management services will increase as the renewable energy sector continues to grow. By the end of this decade, a 50% increase in renewable energy investment is likely to more than double insurance and other risk transfer solutions spending in six of the world's leading renewable energy markets. Depending on the scenario, annual expenditures on risk management services could reach between USD 1.5 billion and 2.8 billion by 2020.

About Swiss Re Corporate Solutions

Swiss Re Corporate Solutions offers innovative, high-quality insurance capacity to mid-sized and large multinational corporations across the globe. Our offerings range from standard risk transfer covers and multi-line programmes, to highly customised solutions tailored to the needs of our clients. Swiss Re Corporate Solutions serves customers from over 50 offices worldwide and is backed by the financial strength of the Swiss Re Group. For more information about Swiss Re Corporate Solutions, please visit www.swissre.com/corporatesolutions or follow us on Twitter @SwissRe_CS.

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