

Clients' Quest for Cashflow Causing Demand Surge in Parametric Products, According to Aon

Claims speed and data & analytics capabilities helping to drive parametric transactions

LONDON, Dec. 14, 2020 – [Aon plc](#) (NYSE: AON), a leading global professional services firm providing a broad range of risk, retirement and health solutions, today announces the extension of its long-term collaboration with parametric technology expert CelsiusPro, as client demand for parametric products continues to grow rapidly.

Aon's Innovation and Solutions team, which specialises in parametric transactions, has seen a dramatic increase in the number of clients seeking to understand how they might supplement or replace their existing risk transfer programmes with parametric structures to potentially improve cashflow following a loss event.

In June, a leading United States-based telecommunications company operating across multiple territories replaced its entire traditional property indemnity programme with \$300 million of hurricane coverage through a parametric solution that encompassed its operations in 29 different regions.

Parametric products complement Aon's wider aim to offer the broadest range of capital solutions to clients, and can be particularly beneficial when capacity becomes constrained in the traditional re/insurance market. They are supported by a range of capital sources – including both traditional and capital markets capacity – and can be structured to address a wide range of weather events, with United States hurricanes being a key area of focus.

Working in partnership with Aon, CelsiusPro can deliver parametric data within a few hours of a triggering event, with any subsequent claim generally being paid within 30 days, and sometimes within 48 hours.

Paul Ramiz, Director of Aon's Innovations and Solutions team, said: "Due to the speed of the payout, parametric solutions offer clients immediate and quantifiable cashflow as opposed to the delayed cash replacement offered by traditional insurance. All parametric products are bespoke, so the client really does receive a solution that reflects their unique blend of risk."

Having worked alongside Aon's team since 2012, CelsiusPro's data and technology has been key in a wide range of parametric transactions, assisting in the structuring of diverse solutions for clients in different sectors across the globe. In particular, CelsiusPro's expertise has been an important component in the risk analysis and design of parametric hurricane insurance products. The work has not only included correlation analysis and the design of index-based insurance products, but also settlement services for Aon clients.

Kurt Cripps, Managing Director of Aon's Innovation and Solutions team, said: "We are pleased to announce the extension of our long-term partnership with CelsiusPro. As an experienced parametric solutions provider, CelsiusPro is able to access and process extensive volumes of climate and natural catastrophe data, combined with its fully automated processes for risk modelling, pricing, and policy management. Our joint capabilities enable us to innovatively use analysis, placement, structuring and settlement that allows us to deliver tailored solutions to our clients' needs."

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Media Contact

Andrew Wragg

andrew.wragg@aon.com

+44 (0) 7595 217168