

# Insurance Times



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Saxon East

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## Aon launches weather reinsurance product

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WExcess mitigates against losses incurred by severe weather events

Aon Benfield has launched a new weather reinsurance product to protect insurers against adverse weather losses in the UK, *Global Reinsurance* can reveal.

The index-based cover, named WExcess, has been developed in partnership with Swiss Re and weather risk management expert CelsiusPro.



The product is designed to help mitigate the financial losses incurred by insurers during severe weather events, such as the recent UK winters that have been among the coldest in recent history.

It is based on official weather data and transparent, flexible triggers which can be tailored to each insurer's individual risk profile and protection requirements.

Buyers of the new product are required to demonstrate an insurable interest and provide at least five years' incurred loss history for weather perils for estimates.

Aon Benfield UK and Ireland team product leader Kurt Cripps said: "This index-based product is seen as an alternative to aggregate catastrophe reinsurance cover and can offer lower retention levels than traditional reinsurance solutions. The loss which will be suffered by the insurer on the occurrence of the pre-arranged trigger, which can be customised to business requirements, is

calculated and agreed at the commencement of the policy on the basis of the insurer's loss history; no further proof of loss is required in the event of a claim.

“The trigger is highly transparent and is calculated by leading experts in the weather risk management environment.”

Swiss Re head of origination weather and energy Stuart Brown said: “Severe weather seriously impacts business processes and causes losses for our insurance clients across almost all sectors of industry. In recent years, we have seen the insurance costs of unpredictable weather events skyrocket, especially when it comes to property and motor lines. This new weather product gives insurers more protection against the costs of severe weather and this means that they can continue to offer highly comprehensive cover to their clients.”

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