

Parametric Solutions Aid with Windstorm Recovery

Extreme weather events can cause economic hardship at a time when many businesses are already financially fragile. Parametric solutions can help organizations fill gaps in traditional insurance coverage that can leave them vulnerable.

Extreme windstorms can cause extensive damage to properties in affected areas, leading to expensive physical and business interruption losses. Even businesses that do not suffer direct property damage from a storm can experience operational disruptions — including lengthy power outages — that could lead to substantial losses.

While traditional insurance can respond to the damage caused by a severe windstorm, there can be some complications, including:

- Difficulty quantifying the cost of non-property damage.
- A lengthy claim settlement process, with payouts often not covering all losses.
- Uninsured losses associated with operational disruptions not directly resulting from property damage.

Custom-built according to a company's risk profile and unique needs, a wind speed parametric solution typically includes a staggered payment structure based on the speed of wind in the predefined geographical area as measured by a third-party index. Payment is based on the affected area in the identified geographic location and a predefined structure, as illustrated in the table to the right.

160,000+
severe wind events
in 2020.



Source: [National Oceanic and Atmospheric Administration](#)

Wind Speed	Payout amount
Below 96 mph	Zero
96 mph or above, below 111 mph	15% limit
111 mph or above, below 130 mph	35% limit
130 mph or above, below 157 mph	65% limit
157 mph or above	100% limit

How Can Marsh Help?

Our parametric and weather specialists and industry professionals can conduct a comprehensive analysis of your specific risk and help you build a program that correlates with your exposures. Our broad access to insurance markets positions us to help you select the insurer, terms and pricing that best meet your needs.



For more information on parametric solutions for earthquake exposures, contact your Marsh representative or:

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