Parametric Solutions Aid Business Recovery Following Hail Destruction

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

Hailstorms can cause extensive damage to buildings, vehicles, and crops in a matter of minutes, with annual damages often exceeding $1 billion. This expensive trend is leading some insurers to either remove hail from traditional coverage or significantly increase deductibles and/or premiums.

Even when traditional insurance is available and affordable, hail-stricken businesses often face two major challenges:

A lack of coverage for losses stemming from operational disruptions.

Slow settlement processes, with payouts rarely covering the full extent of losses.

2.77 million hail claims between 2017 and 2019.

Source: National Insurance Crime Bureau

Parametric solutions typically include a tiered formula where the payout amount depends on hail size measured in the specified location. The payout will increase according to the size of the hail, as explained below. Storm intensity is often layered into the trigger mechanism, allowing payouts to be based on both.

Hail size (largest)	Payout amount (% of limit)
Less than 1.25"	Zero
Between 1.25" and 1.50"	25%
Between 1.50" and 2.00"	50%
Greater than/equal to 2.00"	100%

MARSH & McLENNAN COMPANIES

How Can Marsh Help?

Marsh's parametric and weather experts and industry specialists will 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 to select from competing insurers and negotiate pricing and terms that meet your needs.

1. **Understand exposure and customize a solution.**

2. **Install sensors on premises or identify a third-party hail verification model.**

3. **Hail event.**

4. **Measure hail size in your location.**

5. **Collect payout when trigger is met.**

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

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