Case Study

Innovation: Maximizing Results for our Clients

Aon’s innovative approach results in USD 1M of savings for a midstream energy client

Client Situation

The client operates in the midstream energy sector as an owner and operator of petroleum pipelines and marine terminals. With assistance from another insurance broker, the company had purchased high limits of Pollution Legal Liability insurance in order to comply with the state’s financial assurance requirements for one of its marine terminals located on the West Coast of the United States. The premium for this coverage was costly and had drastically inflated the company’s overall insurance costs, thereby placing it at an economic disadvantage to its peers.

The company reached out to Aon Risk Solutions to evaluate its current program and identify ways to optimize its coverage while reducing its total cost.

Aon’s Solution

Aon quickly put together a cross-functional team of experts spanning both the energy and environmental specialties. Aon’s experience with midstream energy companies was critical, providing the team with the knowledge and insight to develop a creative, results-driven solution.

- Industry-leading capabilities. After reviewing the client’s insurance program, Aon’s energy and environmental specialists discovered that the program was not structured efficiently. The client had purchased a USD 100M stand-alone PLL policy to meet the state’s financial assurance requirements. However, its broker had failed to take advantage of the client’s stand-alone Marine Excess Liability policy, which could have been used to assist with the compliance requirements. The failure to integrate these policies resulted in the client purchasing excessive PLL coverage, thus inflating its overall insurance costs.

- Innovative approach. Aon restructured the client’s insurance programs by combining the Marine Excess Liability and PLL policies into one complementary program. Next, the team worked diligently to ensure that the state Environmental Protection Agency received the necessary financial assurances they required from the insurance market.

- Unmatched expertise. The power that Aon provides to its clients is the ability to seamlessly access a global team of specialists who can evaluate a client’s situation and deliver innovative, results-driven risk management solutions. In this case, Aon was able to integrate its expertise in the energy and environmental sectors to develop a creative solution that resulted in significant cost savings for the client.
The new insurance program led to a 30% reduction in the client’s total cost of risk.

The new insurance program led to an overall reduction in premium of more than USD 1M, representing 30 percent of the client’s total cost of risk.

Aon Delivers Distinctive Client Impact & Value

Aon Risk Solutions’ Energy Specialty

Aon Risk Solutions’ Energy Specialty works with companies in the energy sector encompassing upstream, midstream, downstream, contractors, mining and major integrated and national oil companies to create innovative risk management solutions. Our focus within the energy sector enables us to provide our clients with unmatched expertise in structuring complex insurance programs with the underlying insurance markets. Our strength lies in our ability to provide our clients with a dedicated, global team of more than 300 specialists in more than 120 countries. Contact us to learn more about our offerings in control of well, construction, casualty, property/business interruption, directors and officers, kidnap and ransom, environmental or claims management.

Aon Risk Solutions’ Energy Specialty

About Aon

Aon Corporation (NYSE: AON) is the leading global provider of risk management services, insurance and reinsurance brokerage, and human resources solutions and outsourcing. Through its more than 59,000 colleagues worldwide, Aon unites to deliver distinctive client value via innovative and effective risk management and workforce productivity solutions. Aon’s industry-leading global resources and technical expertise are delivered locally in more than 120 countries.

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