Welcome to our second newsletter of 2020. It doesn't seem long since we released our first newsletter of the year but how much has changed since then. First and foremost, we hope that you and your families are keeping well and staying safe.

Whilst writing this introduction today my wife is at work as a nurse in Guernsey’s hospital, so I feel very humble by comparison to our front line essential workers who are serving us at this important time, and truly thankful.

At Aon our priorities have been to protect our colleagues and support our clients. I am grateful to our Situation Response Team referenced in our Covid-19 update, for their early actions which enabled us to continue to serve our clients remotely in lockdown without interrupting our service. Our mission is to inspire trust and deliver excellence and we are here to help and advise in any way that we can.

Whilst we are delighted that our Business Continuity Plan worked perfectly, remote working causes us to reflect upon our even greater reliance on technology for connectivity and the importance of Cyber Solutions. Therefore, we invited David Moloney to write the feature on Cyber Security Risk in this issue.

We have also provided you with an executive summary on Aon’s Furlough Eligibility Risk Wrap which has been developed in response to the Covid-19 crisis.

The final report in this edition relates to the merger between Aon and Willis Towers Watson. Both companies are globally renowned and we are very excited to be joining forces with Willis in Guernsey who we know very well and admire. However, we will not become distracted by the merger and our focus as always will remain on our clients.

Aon Guernsey Covid-19 Operational Update

In response to the coronavirus outbreak a local Situation Response Team (SRT) was established to work with Aon’s Global Emergency Operations Center (GEOC). As well as following government restrictions, Aon has applied more stringent self-imposed controls for the safety of our colleagues, clients and business partners. Our Business Continuity Plan (BCP) was activated prior to the local government lockdown and this included establishing an office style set-up at colleagues’ homes with deliveries of furniture and additional equipment where required. All Aon colleagues have laptops with virtual private network (VPN) access and a built-in “soft phone” so working from home is something Aon considers normal. The transition to working from home has been effective and we have been able to remain connected using home Wi-Fi or 4G connections.

A survey was issued to all colleagues to ensure the technology and physical setup was sufficient as well as to understand colleagues’ general wellbeing. Results were analysed, and actions taken although no material issues were identified. Despite some minor issues, the business has been able to maintain “business as usual” service during the coronavirus pandemic and our long-term projections are that we could continue to do so indefinitely.
Further to this, as a company, we have moved irreversibly to paperless board packs and are in the process of moving to online banking (a new banking dashboard).

Plans to return to our office have been developed but will not be initiated until after both local government and GEOC approval. The latter will only be granted following a full risk assessment. A phased approach would see a small number of staff in the office in phase 1 maintaining a full home set-up for immediate use should another lock-down be required. We do not anticipate reopening our offices to non-Aon staff until late summer at the earliest.

Building Confidence in a world of uncertainty

Aon’s Cyber Solutions is a leader in holistic cyber security risk and insurance management with experience solving our clients’ most complex problems.

The costs and consequences of a cyber-attack are rapidly intensifying, with global cyber losses predicted to reach $6 trillion annually by 2021. Technological and digital evolution will only further perpetuate this - making building cyber resilience a more complex task than ever before. In addition, changes in our working environment (notably due to the impact of Covid-19) have put the security posture and profile of organisations under the microscope with the volume of cyber-attacks increasing substantially in the first half of 2020.

The Aon approach to assisting our clients with market leading cyber solutions is more important now than it has ever been. To complement our proven capabilities in risk and insurance, our cyber specific services include proactive testing services, digital forensics and incident response capabilities. In addition, we are seeing increased activity in the captive space as the current market environment across all lines continues to be volatile whether as a standalone solution, part of deductible buy-down structure or on an XS lines basis. The captive is a mechanism to achieve that, but perhaps the greatest opportunity for captive owners is to allow non-traditional stakeholders such as a Chief Information Security Officer (CISO) to align risk management strategy with information security and information technology protocol. An important aspect of cyber insurance strategy is that if the policy is not a natural complement to cybersecurity developments then perhaps it’s not the right time to manage the volatility of the risk in the open market or in a captive. If there is buy-in from the start and a true understanding of the flexibility a captive can bring to the process, then this cannot be seen as anything other than a bonus for strategic cyber risk resilience.

Understandably many captive owners remain reticent to incorporate cyber into their captive programmes. It is perceived as a volatile and wildly unpredictable risk. In some respects this is true, but the opportunity remains to utilise the captive as a strategic tool to assist in enterprise wide learning of what cyber means to your organisation. Digitisation of our corporate (and non-corporate) environments will continue. We will become more and more connected and ultimately reliant on technological advancements.

At Aon, we want to use our expertise to guide you through this process of integration and assist you in assessing, quantifying and transferring your risk in an appropriate manner providing the correct levels of strategic focus and governance for your captive.

To explain this more fully Aon has developed the Cyber Loop. There is nothing linear about cyber security. Each organisation is unique and at a different place in its digital journey. It’s impossible to completely eradicate cyber risk or the potential consequential damage to reputation resulting from a cyber incident. The risk is pervasive. But resilience is possible for organisations that contemplate a circular approach.

David Molony
Director, EMEA – Cyber Risk
+44 (0)777 5227008
david.molony@aon.co.uk

Aon’s Furlough Eligibility Risk Wrap

In March several European Governments launched employee “furloughing” schemes in response to the Covid-19 crisis. Companies that cannot maintain their current workforce where operations have been severely affected by Covid-19 can apply for a grant that covers a significant portion of the usual monthly wage costs of furloughed employees.

Aon has developed an insurance solution to manage the risk of potential future eligibility challenges by governments.

For risks within scope, the policy premium is typically in the range of 2-4% for the amount being insured (e.g. the amount of the claim being made under the furlough scheme). It should be noted that each case will turn on its own merits when it comes to insurability.

For further information on Aon’s Furlough Eligibility Risk Wrap, please contact Mike Pickard.

Mike Pickard  
Senior Manager  
+44 (0) 1481 707944  
Mike.pickard@aon.co.gg

Aon and Willis Towers Watson Merger

The exciting recent news that Aon and Willis Towers Watson announced is a definitive agreement to combine in an all-stock merger. The combination of Aon and Willis Towers Watson is an opportunity to better serve our clients. Once the transaction is completed, pending shareholder and regulatory approval, our combined teams will be able to scale innovation more quickly across solution lines and geographies and deliver more value to clients.

The combined company, to be named Aon, will be the premier, technology-enabled global professional services firm focused on the areas of risk, retirement and health. We have great respect and appreciation for the history, culture and achievements of both firms. We will look to highlight the best of both companies in a combined brand.

This announcement is just the first step in this process. Until the close of this transaction, which is expected in 2021, Aon and Willis Towers Watson will continue to operate as separate and independent companies. Until then, you can continue to expect dedication and responsiveness from Aon. We won’t begin interacting with Willis Towers Watson or sharing client information at this time, and there will be no changes to our current relationship, team or our commitment to providing the exceptional service you have come to expect from us. As always, meeting your needs remains our top priority, and we look forward to our continued relationship.
Key Contacts

Paul Sykes  
Managing Director  
+44 (0) 1481 707901  
paul.sykes@aon.co.gg

Stuart Brown  
Executive Director, Finance  
+44 (0) 1481 707932  
stuart.brown@aon.co.gg

Christina Bell  
Executive Director, Insurance  
+44 (0) 1481 707926  
christina.bell@aon.co.gg

Glyn Smith  
Executive Director, Rated Reinsurance  
+44 (0) 1481 707920  
glyn.smith@aon.co.gg

About Aon

Aon plc (NYSE:AON) is a leading global professional services firm providing a broad range of risk, retirement and health solutions. Our 50,000 colleagues in 120 countries empower results for clients by using proprietary data and analytics to deliver insights that reduce volatility and improve performance.

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