

Aon Loss Estimating Risk Tool (ALERT) FAQ

Internal Use Only

What is ALERT?

ALERT is a software tool, used by Aon's global Energy Risk Engineering (ERE) team, to model the potential financial impact from a range of fire and explosion scenarios in the hydrocarbon processing industry. ALERT models worse case credible scenarios to produce results which accurately match industry loss experience.

Event types which can be modelled include:

Property:

- Vapour cloud explosions (utilising TNO multi-energy method)
- Vessel rupture events
- Spill fires
- Tank fires
- Jet fires

People:

- Toxic effects

What are the unique selling points of ALERT?

- ALERT has been developed in conjunction with several leading insurers and has market acceptability and credibility
- ALERT is calibrated to model known historical industry losses
- ALERT includes a full range of scenario consequence models
- ALERT includes discharge and dispersion models, which are used to evaluate cloud dimensions for vapour cloud explosion events

What are the benefits for clients?

- Greater confidence in the accuracy of Estimated Maximum Losses (EMLs)
- Enhanced optimisation of plant layout for new projects
- Optimised insurance programme and cost
- Wide acceptance by the insurance market

What is the fee for ALERT?

There is no fee for ALERT. It is a software tool used by Aon's global ERE consultants to support our clients in assessing their property and liability exposures. It is potentially available for licensing by selected clients and underwriters. The objective of ALERT is to sell enhanced consulting services to our clients and future clients, rather than sell the tool itself.

What impact will this have on my existing clients?

- EMLs could potentially change (reduce or increase) which may impact insurance programme structures
- Aon's ERE team will utilise ALERT from January 2017 to calculate EMLs for clients, retrospective calculations are available upon request
- If a survey is not scheduled in 2017, an EML update using ALERT can be conducted, although in most cases this will require a site visit to assess the site characteristics required by ALERT

What type of organisations will benefit from ALERT?

Organisations with operations in the oil, gas and petrochemical industries, as well as underwriters in that sector.

What Energy Risk Engineering solutions will use the ALERT software?

- Calculation of property damage EMLs
- Estimation of third party liability exposures
- Support of project design risk reviews for facility siting

How is ALERT different to other EML tools?

ALERT uses a sophisticated vapour cloud dispersion model and currently accepted explosion theory for the VCE models. It also includes a full suite of models for other events such as jet fires and vessel ruptures, which in some plants are the EML scenario.

Who are our competitors in this space?

Marsh recently launched Blast, but we understand this is limited in scope to modelling vapour cloud explosions only, whereas ALERT has a full suite of models (see above). We also understand that Blast does not include any sophisticated discharge and dispersion models.

Swiss Re provides ExTool, which uses a long standing traditional TNT approach (TNT approach is not generally utilised by the oil and gas industry, it is mainly now used only by insurers).

What is the reaction to ALERT from the markets?

We have collaborated closely with several leading players in the energy market during the development and testing phases of ALERT, including Liberty and Munich Re. We are currently in the process of demonstrating ALERT across leading insurers and the reaction so far has been positive.

What platform does ALERT operate from?

It is a bespoke package built on well-established and accepted TNO EFFECTS software.

Who is TNO?

TNO is a Dutch research agency founded in 1932. TNO connects people and knowledge to create innovations that boost the sustainable competitive strength of industry and well-being of society.

What is TNO EFFECTS package?

It is a software package for consequence modelling, including discharge, vapour cloud dispersion, fires, explosions and vessel rupture events. ALERT includes an accurate and credible financial impact component that has been devised and developed by Aon.

Who holds the rights to ALERT?

ALERT is technically owned by TNO. Aon has exclusive rights to the ALERT licenses and has complete control over who these licences are sold to.

When will ALERT be launched externally?

ALERT will be launched externally to a global audience (clients & prospects) on Tuesday 17 January 2017 at the Aon Energy Symposium in Houston, Texas, USA. External facing collateral, an aon.com page and social media campaign will be developed to support the launch.

Do we have people trained and ready to deliver consulting services using ALERT?

Yes, the core global ERE team has been trained in ALERT, and we plan to train and roll out ALERT across other potential users in 2017.

Please contact our regional ALERT champions to learn more about the software tool:

[Tom Anthoni](#)
London

[Jonathan Felton](#)
Singapore

[Neil Gravestock](#)
New Zealand

[Paramjit Grewal](#)
Dubai

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Who should I contact to discuss presentations to clients and markets?

[Robert Robinson](#)
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