

Addressing a Corporate Structure Issue

Industry	Manufacturing
Motivation	A manufacturer of safety products believed it had adequate insurance and cash flow to cover its silica and asbestos claims, but management wanted added protection in case the limits were exhausted in the future. The company generated sufficient excess profits to fund a long-term Structured Insurance Program and being a Subchapter S corporation, it would otherwise have had to distribute all of these excess profits to shareholders. In addition, management wanted the ability to benefit from the favorable loss experience it expected.
Coverage	Occurrence form, where a covered event is one that occurred prior to the end of the policy period, with no specific retroactive date. The company was provided the option of purchasing additional limits at a pre-determined rate and subject to a maximum aggregate limit at any time within the first 3 years.
Limit	Initial aggregate up to \$4 million with the option to purchase an additional \$20 million in aggregate limits. The policy reimburses the company for 100% of losses up to the experience balance.
Retention	\$1 million per claimant, after which the policy provides \$500,000 of limit per claimant
Potential Benefits	<ul style="list-style-type: none"> <li data-bbox="525 982 1764 1015">> Covers claims paid until the limit of liability is exhausted, or the policy is commuted <li data-bbox="525 1015 1764 1079">> Provides annual policy limits that reimbursed the company for paid claims not covered by existing insurance <li data-bbox="525 1079 1764 1144">> Provides protections that would otherwise have been unattainable due to the company's corporate structure

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