Providing Liquidity by Freeing-Up Capital

Industry	**Construction**
Motivation	A contractor was asked to provide assurances that funds it received for future use towards capital repairs on a Private Public Partnership (PPP) construction project would be available over the 25 year contract. Initial requests suggested purchasing a surety bond for the full amount or holding the funds in trust, both of which would have tied up large amounts of capital.
Coverage	An insurance policy designed to ensure that sufficient funds would be available to fund capital repairs arising during the contract period resulting from unexpected events outside the contractor's control.
Term	25 years
Limit	$30 million per occurrence and in the aggregate
Potential Benefits	> Improves the contractor's capital costs, as the premium would be substantially less than the collateral required under a surety bond or trust > Provides long-term comfort to the public entity that funds for future capital repairs would be available.