



Case Study: Property – North America

Plastic Extruder & Food Bag Printer



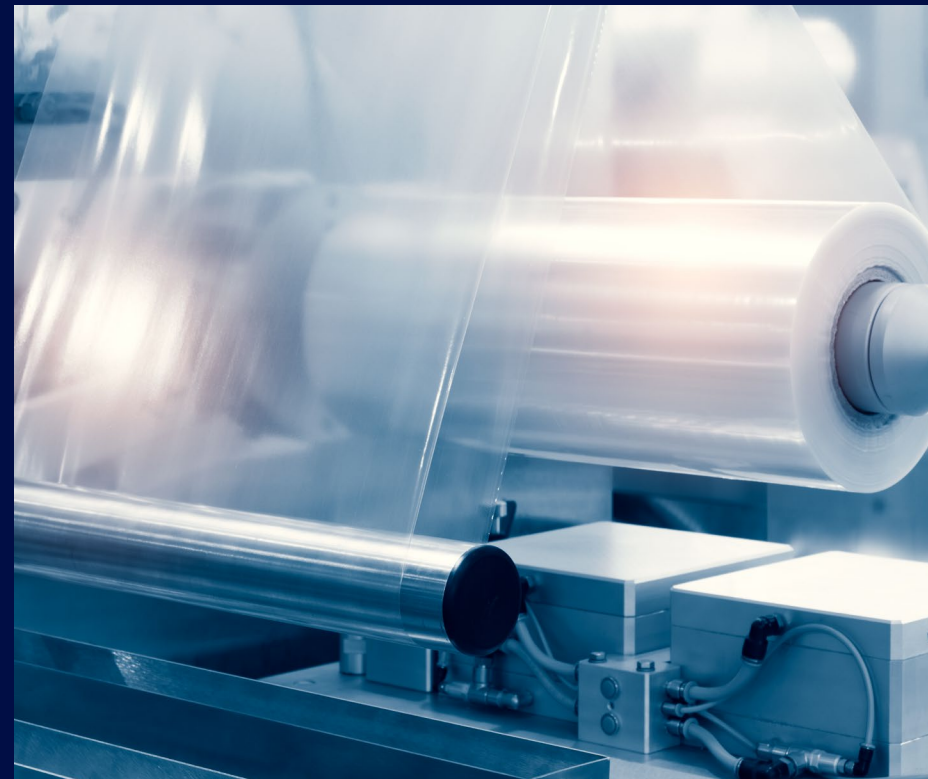
Background

HWS Specialty had the opportunity to look at a food plastic bag manufacturer.

At the main location there is a large extrusion hall with 15 extrusion machines in one long line, and at the same location there is a separate building (s) which prints onto plastic bags and wrappers for the food and drink industries. The reason we initially were shown the account was due to two printer fires in succession causing circa 10m of damage each, occurring within 3 months of each other.

The insured had two policies, one with a well-known Domestic Carrier and another with an MGA, both decided to come off the risk at this point, and London was their only saviour at the time. The rest of the E&S market declined to quote following the two losses and even some London underwriters were concerned at the time, of picking up a third loss from a printer fire.

This risk also had a significant Tornado risk and Fire PML, with a lack of adequate protections.



TIV: 650m | **Top building:** USD150m |
Exposures: Fire and Tornado | **Loss**
record: USD25m in 5 years



The Client

The client is a highly successful business, expanding rapidly and in addition to the losses, had some risk management issues that the admitted market couldn't accept.

The client didn't have the spare capacity to close the main printing hall down to fit a sprinkler system due to their success, which coupled with the loss and the withdrawing market led us to be involved.

The Process

The client had two weeks notice that they were going to be non renewed by Travelers which meant we had to move quickly to put coverage terms together.

The key to this account was understanding why the two losses had happened in quick succession, we ascertained that both losses were from a particular printer model which were recently serviced. Due to the size of the losses, these would now be replaced with a new updated model, so we had something to sell to underwriters, as both the cause and the solution were known.

We presented a formal submission to the market in our "certain way" which included a full marketing proposal of the risk and the associated property exposures.

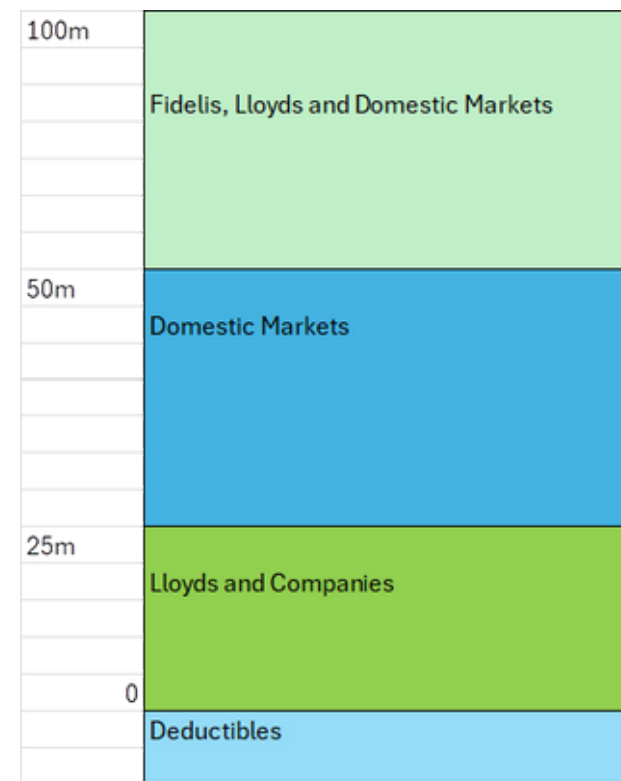


The Solution

We were able to secure a 10m loss limit initially following the losses. In year one and then in year two we increased this to a primary USD25m which provided more comfort to excess underwriters since they were now well above the two losses on an attachment basis.

This also allowed us to buy a larger overall limit as we pushed the excess market upwards to cover the Tornado risk.

The Structure





The Summary

- Client non renewed by Carrier → Placement completed in 2 weeks
- Account had 2 large losses → Convinced Underwriters it wasn't going to have a 3rd!
- No engineering → Paragon consulting included and helped to improve the risk
- Yr 1 Primary 15m → Yr 2 Primary 25m



Thank you

