CASE STUDY – 2
PLASTIC EXTRUDER AND FOOD BAG PRINTER TIV 650M

Background

We had the opportunity to look at a manufacturing account, 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 at least 10m of damage each, within 3 months. The insured had two policies one with Travellers and Amrisc 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, even 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

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. Additionally the client didn't have the spare capacity to close the main printing hall down to fit a sprinkler system, which coupled with the loss and the withdrawing market lead us to becoming involved.

The Process of bringing this client to market

The client had two weeks notice that they were going to be non renewed by Travellers which meant that we had to move quickly to put together coverage terms. The key to this account was understanding why the two losses had happened in quick succession, we ascertained that both losses were both from a particular printer model and which were recently serviced several weeks earlier. Due to the size of the loss, these would now be replaced with a new different model so we had something to sell to underwriters as both the cause and the solution were known.

The solution

We were able to secure a 10m loss limit initially following the losses in year one and then in year two we were able to increase 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 allowed us also to buy a larger overall limit as we pushed the excess market upwards.

After Binding servicing

The clients premium, as you can imagine, increased dramatically. We made a point of visiting numerous times to confirm the pricing under the circumstances was the best that we could find in the market place. In the following year we negotiated a reduction and increased the policy limit so we could build a higher tower as the location had a very high SCS exposure.