



Case-study

COMMODITY BROKER

Background

We had the opportunity to place a commodity broker who shipped grain overseas and then imported fertilizer into the USA from overseas. This risk consisted of barge terminals, warehousing, many grain silos, train sidings and lots of conveyors.

The client was previously with Nationwide and after review they decided to non renew this account out of their Agri division, which created our opportunity.

TIV USD 490m / 245 locations / top location USD 20m.

The Client

The Insured had appetite for risk, since already forming a captive for their General Liability & Trucking fleet and wanted us to approach the market with a “plus” aggregate deductible to create consistency using this route for the first USD 2.5m of risk. We have seen this play numerous times, it works well as it takes the “burn out” of the proposal and leaves underwriters just writing severity, in this case either a larger location catching fire or more likely a Tornado risk.

The Process

The London market has written Agri business for a long period of time and plenty of experience writing this class.

Although, the account had incurred several losses from tornado losses and equipment fires this was a standard quest of negotiating a programme that included a plus-aggregate deductible retention in addition to the policy deductibles to meet the clients requirements.

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.

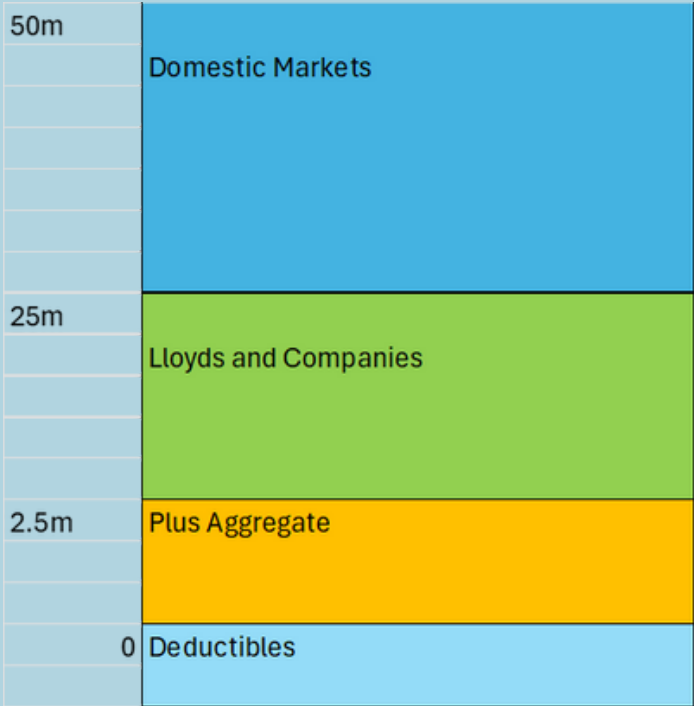
The Solution

We provided the client with a Primary USD25m in London and the excess was placed back into the USA E&S market, through a wholesale broker.

The USD 25m was a good limit to purchase as it took out all the Fire exposure and just left excess underwriters considering Tornado exposure.



The Structure



Summary

- Non renewed by the Agri Market → We placed capacity into London
- Client frustrated with unstable market → Introduced a 2.5m plus aggregate so he was aligned
- Limited appetite for Agri risks → Provided 25m of capacity & capacity for more
- Monthly Stock adjustment → Adjustable at expiry