

# Construction Industry Case Study

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## Client Concern/Issue:

A concrete construction contractor owns and operates several batch plants in the region. The concrete is manufactured to customer specifications at the batch plants and must be delivered within a specified time frame. The insured approached his insurance broker to obtain quotes for a boiler and machinery policy to provide coverage in the event of a mechanical breakdown of their manufacturing equipment. The coverage provided by the traditional insurance market was restrictive and expensive.

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## ERS Solution:

ERS worked with the contractor to form a captive and provide coverage for Mechanical Breakdown, and also their exposure to Governmental Action, Loss of a Key Supplier and Loss of a Key Customer.

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## Results/Benefits:

The two owners of the concrete construction company each own 50% of the shares of the captive. ERS Insurance, a Utah based insurance company, issues the three policies that are filed in the state of Utah and the insured's captive reinsures ERSI. The captive is in its third year of operation and is generating an underwriting profit. The insured has used a risk financing strategy to turn a necessary business expense into a potential profit center.

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