

# Real Estate Developer Case Study

## Client Concern/Issue:

A midsized, privately held real estate developer, is required to carry both an environmental liability policy and a condemnation policy in order to enter into certain contractual agreements with local governmental bodies and general contractors. Each policy contains a \$250,000 deductible. The insured is concerned about the potential negative impact of a \$250,000 expenditure to their operating income should they incur a loss under either policy.

## ERS Solution:

ERS created a captive insurance company exclusively owned by the partners of the developer to issue a deductible reimbursement policy for expected losses. The captive provides a mechanism to prefund for potential deductible obligations for any insurance policies which contain deductibles.

## Results/Benefits:

The partners now own a captive insurance company and any underwriting profit generated in their insurance program. Even though the captive is in its first year of operation, the developer has successfully transferred the risk from their balance sheet to a captive.

## Disclosures

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