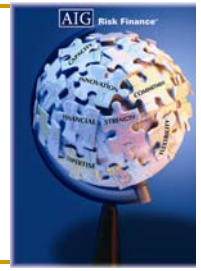
Addressing a Corporate Structure Issue



Industry	***Manufacturing***
Motivation	A manufacturer of safety products had adequate insurance and cash flow to cover its silica and asbestos claims, but management felt that the limits may be exhausted in the future. Since the company was created as a Subchapter S corporation, it would have to seek additional investment from its shareholders or file for bankruptcy if its limits became exhausted.
Coverage	Occurrence form, where a covered event is one that occurred prior to the end of the policy period, with no specific retroactive date. The company was provided the option of purchasing additional limits at a pre-determined rate and subject to a maximum aggregate limit at any time within the first 3 years.
Limit	Initial aggregate up to $4 million with the option to purchase an additional $20 million in aggregate limits. The policy reimburses the company for 100% of losses up to the experience balance.
Retention	$1 million per claimant, after which the policy provides $500,000 of limit per claimant
Potential Benefits	✓ Covers claims paid until the limit of liability is exhausted, or the policy is commuted ✓ Provides annual policy limits that reimbursed the company for paid claims not covered by existing insurance ✓ Provides protections that would otherwise have been unattainable due to the company's corporate structure

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