



CASE STUDY

Manufacturing & Distribution Company Saves Millions on Its Risk Insurance Over Seven-Year Period

ISSUES

A market-leading consumer products manufacturer and distributor with revenues totaling over \$500 million, operating over 200 locations, and a fleet of over 1,500 power units was preparing for an IPO. The company originally retained CohnReznick UIC Consultants on the primary basis of implementing a public directors and officers program in order to confirm adequate insurance levels for proper asset protection to withstand capital market scrutiny. The assignment then transitioned into a review of their entire property and casualty program.

ACTION

The CohnReznick UIC Consultants Process and Mantra: AUDIT | MITIGATE | NEGOTIATE | MANAGE

CohnReznick UIC Consultants was retained to provide an independent risk management audit and was given complete access to all requested information. Within several days, it was able to provide a high-level report on the company's current insurance program, identifying salient coverage weaknesses and gaps, and developing a strategy that, if properly executed, would meet all agreed upon goals.

AUDIT | Once the company's insurance program review was completed, CohnReznick UIC Consultants established the company's liability insurance to be the primary risk driver of the program. The company suffered from several catastrophic auto losses, resulting in eroded limits on their primary liability and umbrella policies. Upon further analysis of their loss history, it was determined the client was severely underinsured and lacking vital policy enhancements for a company of its size and scope of operations. The company needed to update its risk profile based on rapid growth, as well as restructure its appropriate risk management program.

A joint venture between CohnReznick and UIC Inc., CohnReznick UIC Consultants is one of the world's leading independent fee-only risk management firms. With no affiliation to any brokers, and no agreements with insurers, CohnReznick UIC Consultants affords the objectivity to provide advice for the sole benefit of our clients.

For more information on how CohnReznick UIC Consultants can help with your risk management needs please contact:

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MITIGATE | During the audit and renewal process, CohnReznick UIC Consultants helped craft go-forward company policies to establish risk management practices in line with insurer standards. Due to the fast implementation of such policies, the client received favorable inspection results from competing insurers, which were leveraged for even greater coverage enhancements and competitive premium rates.

NEGOTIATE | CohnReznick UIC Consultants implemented its agreed upon strategy as identified in the audit process. Using its knowledge of market conditions and risk appetite, CohnReznick UIC Consultants orchestrated a broker RFP process, fostering competition from both broker and insurer levels. CohnReznick UIC Consultants developed custom specifications for each line of insurance, including a 300-point industry leading specification for the public D&O coverage.

IMPACT

With CohnReznick UIC Consultants' involvement, the following results were achieved:

1. **Annual premium savings of greater than \$3M over the expiring program, and a cumulative savings of over \$20M in a seven-year period.**
2. Negotiated the reduction of outstanding collateral while establishing favorable and concrete loss development factors for the future draw of collateral, preventing insurers from holding on to collateral for long periods of time.
3. Doubled primary automobile limits at a lower cost in order to provide a greater cushion against umbrella liability pierces, thus, in combination, generating better protection at a much lower cost.
4. The General Liability and Pollution Legal Liability policies were renewed with, respectively, 20 additional coverage endorsements in order to better protect the company from future third-party liability and contractually assumed liability.



5. Negotiated and bound first class D&O coverage for the IPO, inclusive of all of the industry leading coverage enhancements.

MANAGE | CohnReznick UIC Consultants worked with company management to effect a cultural shift in how risk management is treated and the long-term benefits of the new insurance programs in place, establishing effective risk control protocols, claims safety and notification practices, and participating in casualty claims reviews.

CohnReznick UIC Consultants continued to advise the company well past renewal on all required matters, including claims representation, contract review, and implementation, and overall sound risk management practices.

See How CohnReznick UIC Consultants LLC Can Help You

CohnReznick UIC Consultants LLC is not affiliated with any brokers, nor holds any agreements with insurers. This affords them the objectivity to provide advice for the sole benefit of their clients. Their depth of knowledge and innovative solutions provide their wide variety of clients with comprehensive, cost effective yet flexible risk management programs for their specific needs. CohnReznick UIC Consultants' annual insurance consulting retainers, their only source of income, consistently help clients achieve insurance premium savings averaging 25-40%, offering a significant ROI while at the same time providing appropriate insurance coverage for each company's specific needs and risk profile.

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