

CASE STUDY: Private Equity

Don't let the issues spoil the deal

When private equity firms are targeting a new acquisition, they need to understand the total cost for property insurance before the deal is closed. But what happens when the property market is tight and the company they're looking to acquire is a high-hazard occupancy, with critical issues already in place?

This private equity firm, a long-time Chubb client, was looking to acquire a salad dressing manufacturer being spun off from a larger, multi-faceted food company. The estimated total insured property value was roughly \$100 million, but the target company had several significant risks that were problematic for carriers. Since the private equity firm had a solid historic relationship with Chubb, they reached out to explore insurance options for their potential new acquisition.

Recognizing the future opportunity

At first glance, the food manufacturer was a challenging risk. Its main manufacturing location needed sprinkler systems upgrades and, among other things, modernized walk-in coolers with fire-rated insulated panels. Simultaneously, the deal was set to go, so the private equity firm needed a quick quote turnaround, over a holiday weekend.

While other carriers focused on the immediate issues, Chubb's underwriters were conscious of the long-term opportunity; however, they knew they needed more information on the risk. They had a prior risk engineering survey

that had been conducted by the previous carrier, but asked the private equity firm if they could do an in-person survey before the closing. This is highly unusual, as engineering is typically done after a purchase is complete. But the client was amenable, so Chubb scheduled a risk engineering survey within the week.

With the new data and discussions with the private equity firm, Chubb's underwriters were able to compile a program as the primary carrier on 50% of the risk, and a game plan to address the current issues bringing the property up to Chubb standards. By taking on the primary risk, Chubb allowed the broker to find other carriers to cover the excess exposure, keeping it within the admitted market, and therefore at a much more reasonable price.

Chubb coverages provided:

- **Property**
- **General Liability**
- **Auto**
- **Worker's Compensation**
- **Umbrella**

With Chubb's food industry expertise, underwriting flexibility, and quick turnaround, the client was delighted to expand their relationship with Chubb to cover their new acquisition, now and in the foreseeable future.

Want to see how Chubb can help you solve unique risk challenges?

Contact your broker, agent, or local Chubb underwriter today.