

Property, Liability, and Workers Compensation Reduction at a \$300M Manufacturing Company



Project Summary and Successful Implementation of an 18.8% Reduction in Insurance Costs (A Savings of \$329,577)

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Summary

RateCraft utilized proprietary project methodology to reduce the Manufacturer's overall insurance costs by 18.8% in 2019 and 2020. Savings were available with an alternative program the client had never before seen as well as through negotiated rate improvements with their current program and broker.

Introduction

The Manufacturer has operations in over 25 states in the United States in addition to multiple locations in China and Mexico as well as some European exposures. They design products for the medical field, primarily physical rehabilitation patients in the United States. Most design and deliveries are in the United States with manufacturing and assembly in China and Mexico. They own property in all locations, including the factories, and have white- and blue-collar workers throughout their operations. **Their insurance needs are complex, with over 15 separate policies which were all written by large carriers and with a top-tier national brokerage.**

Methodology

RateCraft utilized proprietary methods to reduce insurance costs while providing as many options for the same level of coverage as the market could offer. Multiple qualified brokers were sent the RFP, each with a curated list of insurers to access. **RateCraft’s benchmarking directed brokers and insurers to best-in-class target pricing for each line of coverage.** This benchmarking accounted for the specific values and coverages on the client’s policies as well as their loss history.

Findings

After an evaluation of the coverage and risk presented by the client’s operations, **RateCraft predicted a reduction of 15-25% in the overall cost of the insurance program.** Three primary options were identified at the end of the project, two with the current broker and one with an alternative broker. The options that were presented are below:

Summary of Options

Policy	Current Rates	Renewal	Current Broker Alternate 1	New Broker Alternate 2
Property	\$232,237	\$222,953	\$222,953	\$215,482
Commercial Auto	\$41,772	\$33,072	\$33,072	\$43,629
General Liability	\$33,671	\$34,151	\$34,151	Incl. Prop
Umbrella	\$49,461	\$49,623	\$49,623	\$45,072
Mexico Package	\$27,486	\$23,270	\$23,270	\$23,270
Stock Throughput	\$58,191	\$63,468	\$63,468	\$63,468
Products Liability	\$577,416	\$541,800	\$391,726	\$541,800
Product Liability XS	\$152,611	\$139,122	\$139,122	\$139,122
Cyber Liability	\$85,140	\$64,753	\$64,753	\$64,753
Sp. Contingency Risk	\$3,712	\$10,548	\$10,548	\$10,548
Management Liab.	\$58,058	\$58,058	\$58,058	\$58,058
Workers' Comp	\$433,613	\$391,255	\$391,255	\$268,457
Total All Policies	\$1,753,369	\$1,632,073	\$1,481,999	\$1,473,659

Conclusion

The client had multiple options to choose from, all with savings. The client did not want to change brokers because there was significant value in the current broker’s intimate knowledge and understanding of the client’s operations. To produce the best final result while maintaining this relationship **RateCraft altered the policy fees, made coverage recommendations, and leveraged the competition to produce the below result.** This was made possible with no changes to the broker or insurers and with a consolidation of coverage. RateCraft assisted in implementing the chosen option with the preferred broker. The final premium and savings for the first-year project are summarized below:

Summary of Final Premium and Savings

Policy	Current Rates	Final Premium
Property	\$232,237	\$184,727
Commercial Auto	\$41,772	\$33,567
General Liability	\$33,671	\$31,218
Umbrella	\$49,461	\$40,567
Mexico Package	\$27,486	\$27,486
Stock Throughput	\$58,191	\$63,468
Products Liability	\$577,416	\$389,826
Product Liability Excess	\$152,611	\$139,118
Cyber Liability	\$85,140	\$57,628
Special Contingency Risk	\$3,712	\$3,516
Management Liability	\$58,058	\$58,058
Workers' Compensation	\$433,613	\$394,613
Total	\$1,753,369	\$1,423,792
Total Annual Savings		\$329,577

In subsequent years RateCraft and the client chose to negotiate these rates with the insurers to maintain the very competitive pricing via flat renewals. The client also requested a review of the current Health Insurance program which is in-process at this time.