

Fully Funded Alternative Products

Hudson's Alternative Risk Solutions unit specializes in creating innovative insurance products for captives, self-insureds and other businesses that need to show evidence of coverage or issue certificates to third parties from an "A" rated carrier. With a special focus on underserved markets and difficult specialty risk placements, Hudson offers Fully Funded products to help an insured achieve its risk management goals and objectives in a cost-effective manner.

What is a Fully Funded Policy?

A Fully Funded Policy is written on a non-admitted basis and is structured for an insured who desires to assume and collateralize 100% of the risk of a specified line of coverage, such as general liability, professional liability, property, etc., often utilizing one of the following as the risk assumption vehicle:

- Wholly Owned Captive
- Segregated Cell Captive

Why Do Insureds Structure a Fully Funded Policy?

Some of the most common reasons for structuring a Fully Funded Policy include:

- A capacity shortage in the insurance marketplace – insureds cannot find adequate limits at a reasonable cost.
- A certain coverage may be unavailable in the traditional marketplace.
- The insured requires a tailored policy to fit its unique situation.
- The up-front costs associated with a Fully Funded Policy may be significantly less than other approaches.
- The insured wants greater input and control over the claims handling process through self-administration or a third-party administrator.
- An insured utilizes a single-parent captive or rent-a-captive as part of their risk management program and needs to show evidence of coverage to third parties from an "A" rated carrier.

Where Does This Policy Have Particular Appeal?

The Healthcare industry (Nursing Homes, Senior Care Centers, Assisted Living Facilities), Construction (Contractors, Home Builders), Manufacturing, Environmental and Technology industries may all have a need for a Fully Funded Policy.



How is a Typical Fully Funded Policy Structured?

- The insured remits a policy-issuing fee to Hudson.
- Collateral (Cash/Letter of Credit/Regulation 114 Trust) is provided in an amount equal to the aggregate limit of the policy, e.g., a \$3M Letter of Credit for a \$1M per occurrence/\$3M aggregate policy.
- Hudson issues an "A" rated reimbursement policy to the insured with an aggregate limit equal to the collateral provided.
- Collateral is used to reimburse claims paid by the insured during the policy term until either the policy reaches its expiration date or the aggregate limit is exhausted.
- Upon policy expiration, any remaining funds, including net investment income earned on cash funds held, are either returned to the insured or rolled over into the next policy period.

(continued)



What Forms of Collateral are Acceptable for a Fully Funded Policy?

Insureds may provide Cash and/or a Letter of Credit from a qualifying financial institution. Regulation 114 Trust Agreements are utilized when the insured elects to use their preferred financial institution to host the collateral.



What Type of Policies Do You Offer?

Healthcare General Liability and Professional Liability, Commercial General Liability, Miscellaneous Professional Liability, Deductible Buy Downs and Deductible Funding policies. Other policies and niche markets will be considered on a case-by-case basis.

How Are Claims Handled?

The insured has autonomy over the claims handling process through self-administration or a third-party administrator.

What Is Hudson's Experience in Writing Fully Funded Policies?

Hudson's Alternative Risk Solutions team of seasoned professionals has over 30 years of experience in writing Fully Funded Policies. It is that very experience that allows us to listen and then customize a Fully Funded Policy that is designed to meet an insured's needs.

How Do I Obtain a Fully Funded Policy Proposal?

Please contact the Alternative Risk Solutions unit to discuss a particular opportunity.

Contacts

New Business Opportunities

Rick Wigmore
Business Development Manager
Alternative Risk Solutions
T: 267 963-8326
rwigmore@hudsoninsgroup.com

Underwriting

Tony Shaker
Vice President Alternative Risk Solutions
T: 440 925-1995
tshaker@hudsoninsgroup.com