

Press Release

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Innovative insurance solution for Californian builders

Shrinking availability and steeply rising premiums for general liability insurance may soon be over for California's house builders.

Following a joint initiative between the California Building Industry Association and specialist insurance intermediaries, Jansen & Hastings, a member of the London-based BMS Group, a new captive insurance company has been established by the Association.

The CBIA is the sponsor of the new captive, the Home Construction Insurance Company (HCIC) which is known formally as a Risk Retention Group. The HCIC has been authorised to trade by the Nevada Department of Insurance and began operations earlier this month.

Kevin Hastings, Managing Director, Jansen & Hastings, which will administer the program said:

"We have been involved in placing Californian building insurance for almost 20 years. We were delighted to have been invited by the CBIA to provide our knowledge and expertise in helping them to find a solution to a major problem which has dogged the industry as premium rates hardened and coverage reduced!"

Michael Strech, the CBIA's Director of Risk Management and Insurance said:

"We are extremely pleased to have been able to produce such an effective solution for our members. The Association has been exploring the concept of establishing a captive company for many months and it represents a significant achievement. The HCIC will provide our members with insurance protection at a reasonable price while providing the appropriate level of protection to municipalities and lenders."

The HCIC will provide general liability policies to Californian builders who have annual sales revenues of between US\$2.5 to US\$400 Million. Reinsurance of the HCIC programme has been placed by Jansen & Hastings in the Lloyd's market.

Ends

Note to Editors:

- The HCIC was granted a Certificate of Authority on 8th March 2004, by the Nevada Department of Insurance.
- The plan requires a comprehensive risk management review as well as 3rd party review by a quality control company of a large portion of detached product.
- The HCIC will be owned by its policy holders and founding members are able to buy stock at \$5 per share.
- Insurance industry analysts estimate that up to 40% of annual commercial property and casualty premiums are written through captives and similar alternative insurance market mechanisms.



Home
Construction
Insurance
Company

A Risk Retention Group