Stock Throughput

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What is Stock Throughput - One Policy

Stock Throughput a/k/a Supply Chain

Cargo/Stock Throughput

- Ocean Marine + Inland Marine + Air Cargo
- Storage & Reshipment in One Policy
- Why Use It?
- HIGHER RATE = Lower Cost
- Unavailable Perils

Stock Throughput Coverage

Comprehensive

Addresses full exposure from raw material to final sale

Transit/Storage/Processing/Retail Outlet

Valuation clause

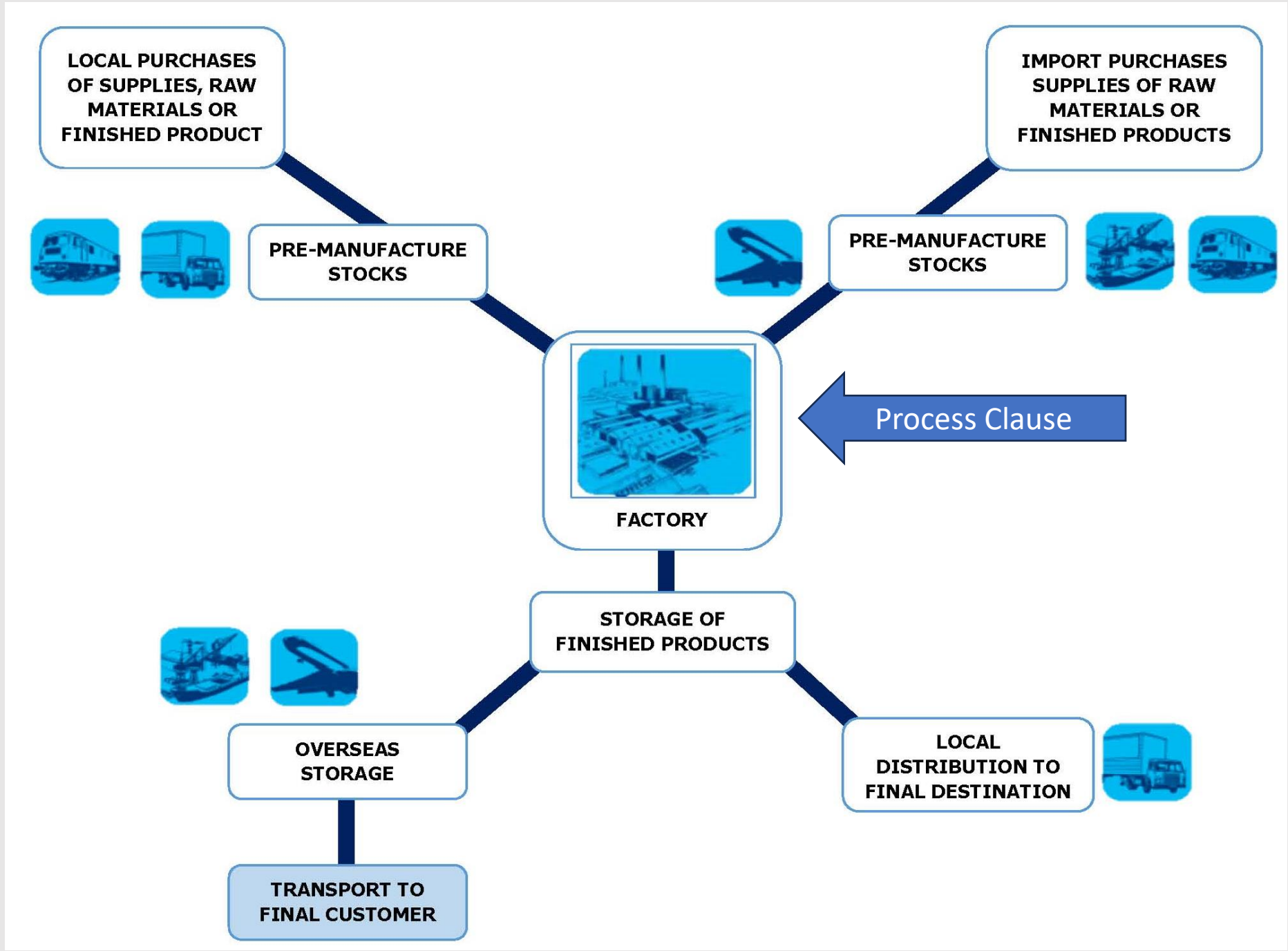
Finished goods: Selling price (addresses lost profit)

Wholesale or Retail or Customize

Raw Materials/in process:

Replacement cost or selling price less unincurred costs

Tarriff Issues + 150% or more?:


LOCAL PURCHASES OF SUPPLIES, RAW MATERIALS OR FINISHED PRODUCT
IMPORT PURCHASES SUPPLIES OF RAW MATERIALS OR FINISHED PRODUCTS
PRE-MANUFACTURE STOCKS
PRE-MANUFACTURE STOCKS
FACTORY
Process Clause
STORAGE OF FINISHED PRODUCTS
OVERSEAS STORAGE
LOCAL DISTRIBUTION TO FINAL DESTINATION
TRANSPORT TO FINAL CUSTOMER

Cargo/Stock Throughput

Saudi Arabia Oil

Taiwan Oil to Pellets

US Molds

China Labor

Japan Nylon Hair

Hong Kong Assembly

US Consumer

Stock Throughput Coverage

Disadvantages

- Can be challenging to underwrite
  - Info required regarding the supply chain
  - Actuarial Involvement

Stock Throughput Coverage

Advantages

Marine Cargo Market = Exempt/Non-Admitted

Prices lower/terms more flexible than admitted property markets

Cost savings realized through leveraging bulk purchasing power of entire supply chain exposure

Stable pricing platform:

The effect of claims is offset by consolidated premium $'s

No gaps in coverage between policies

Lower deductibles: usually fixed and not % of insured value……

Stock Throughput Coverage

Advantages

- Cat coverage readily available up to $100M and beyond.
- Can include Wind, Flood and Quake
- One policy to minimize disputes in the event of loss
  - Especially Wind and Flood
- Replaces the stock element of the property policy
  - Some markets can even include BPP.

Stock Throughput Coverage

Rating

Loss rated

Deposit premium:

Exposures along supply chain specifically underwritten.

Deposit based upon estimated volumes and reconciled at policy conclusion based upon agreed metric, i.e. annual sales

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