

# Multiple Subsidiaries Case Study

IN PARTNERSHIP WITH  Montage

## Client Concern/Issue:

A doctor on the west coast owns 15 separate farming operations, each producing different crops each year. The traditional approach for insuring damage to crops is through the Federal Crop Hail Program. Although this is a good alternative, the perils offered are limited, as there is usually a large deductible and the coverage offered is restrictive.

## ERS Solution:

ERS manuscripted a policy which not only offered better terms than the traditional Crop Hail Policy; but the coverage offered was expanded to include other causes of loss such as damage due to pesticides. Since the doctor owns 15 economically independent farming operations, revenue ruling 2002- 90 (Multiple Subsidiaries) applies.

## Results/Benefits:

ERS worked with the owner of the farms to create a Crop Hail policy providing broader coverage than provided in the traditional insurance market place while also giving the owner an opportunity to generate underwriting profit within the captive. The risk is distributed amongst his own 15 farming operations eliminating the need for participation in an unrelated underwriting pool.

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