CHUBB®

CASE STUDY:

Oil & Gas

First-of-its-kind system meets its coverage match

In the heart of the Permian Basin, the largest oil producing region in the U.S., heavy traffic from truckloads of fracking sand strain the local infrastructure and cause too many traffic accidents and deaths. This company, a leading provider of proppant and logistic services to the oil and gas industry, is intent on changing that, with plans to build the longest conveyor belt system in the U.S.

The electric conveyor will deliver fracking sand to multiple locations from Texas to New Mexico more efficiently and, in some cases, without ever touching a public road. With a storage capacity of 84,000 tons over 42 miles, this project needed two insurers to cover the builder's risk. Enter Chubb and another insurance company.

Making sense of an unprecedented risk

Chubb was invited to the table after Chubb underwriters in the area made it clear to the broker that Chubb was interested in expanding its presence in the civil construction industry. When Chubb received the builder's risk submission, an enterprise-wide team was quickly assembled to begin the underwriting process.

Since this conveyor system would be the first of its kind, spanning multiple roadways and riverbeds through remote parts of the country, determining the builder's risk was a challenge. There were insufficient models for flooding, wind, or wildfires not to mention no prior projects to reference for typical loss scenarios. Instead, Chubb's Risk Engineers used historical data, topographical maps, Geotech reports, and other resources to determine the loss risk.

Working closely with the broker and client, Chubb's underwriters provided a tailored insurance offering, resulting in coverage being written on a quota share basis with Chubb and another carrier. Our approach allowed the client to break ground on this important project focused on increasing efficiencies, enhancing local communities, and saving lives — with Chubb protecting against flood, fire, wind, and other risks that may arise from equipment testing.

Chubb coverages provided:

- Builder's Risk

Want to see how Chubb can help you solve unique risk challenges?

Contact your broker, agent, or local Chubb underwriter today.