



HALO COVERAGE CASE STUDY: COMMERCIAL PROPERTY DEDUCTIBLE RELIEF

831(b) Plan Producing Company Profile

INDUSTRY	Real Estate
FACILITY SIZE	100,000 Sq. Ft.

BACKSTORY

Sterling Manufacturing, a precision metal fabrication company in the Midwest, operates a 100,000-square-foot production facility. As a key supplier to automotive and aerospace industries, any disruption to operations poses a significant financial risk.

The company carried a robust commercial property policy, but the increasing trend of high deductibles meant they faced substantial out-of-pocket costs in the event of a claim. Concerned about financial exposure from property damage incidents, Sterling Manufacturing sought a way to manage this risk without straining its cash flow.

To address this, Sterling Manufacturing implemented **Halo Coverage** as a wrap-around policy to bridge the gap left by its commercial property deductible.

RISK DESCRIPTION

Sterling Manufacturing's commercial property policy had a **\$250,000 deductible** for fire and water damage incidents. While the company had business interruption insurance, **any loss under the deductible had to be absorbed entirely by the business.**

- A single significant loss could **disrupt operations and strain cash reserves.**
- With rising material costs, an unexpected repair expense could **impact project deadlines and client commitments.**
- The company's CFO sought a **cost-effective solution** to mitigate the financial burden of a large deductible payout.

Halo Coverage was designed to supplement Sterling's existing property policy by covering the deductible portion of their claim.

INCIDENT/EVENT

In late 2023, an electrical fire broke out in Sterling Manufacturing's fabrication wing. The fire suppression system contained the blaze, but smoke and water damage caused extensive equipment losses and production delays.

- **Total property damage: \$825,000**
- **Business interruption impact: 2 weeks of lost production**
- **Commercial policy deductible: \$250,000 (payable by Sterling Manufacturing)**

Despite their insurance coverage for the overall loss, **Sterling was responsible for covering the first \$250,000 before their commercial policy would take effect.** This posed a major cash flow challenge.

RESOLUTION

Sterling Manufacturing filed a claim under their **Halo Coverage** policy. Here's how it played out:

1. **Claim Filed:** Sterling's CFO submitted documentation of the property damage and deductible requirement.
2. **Claim Processed:** SRA's direct writer confirmed that the deductible applied under the primary policy.
3. **Claim Paid:** SRA's direct writer issued a **\$250,000 payment**, covering the full deductible amount.

Claim Breakdown:

- **Total Fire Damage: \$825,000**
- **Primary Insurance Payout: \$575,000 (after deductible)**
- **Halo Coverage Payout: \$250,000 (full deductible coverage)**
- **Out-of-Pocket Cost to Sterling: \$0**

With Halo Coverage stepping in, Sterling Manufacturing avoided a significant financial setback, allowing them to focus on repairs and resume production without cash flow disruptions.



KEY TAKEAWAYS

Many businesses assume they are fully covered, only to face **crippling deductible payments when a claim occurs. Halo Coverage ensures that companies like Sterling Manufacturing can weather major losses without draining cash reserves.**

For businesses carrying high deductibles on property, liability, or auto insurance, **Halo Coverage provides peace of mind and financial stability when it matters most.**

