



new day Standard

UNDERWRITING MANAGERS LLC

Message from the President



New Day recently celebrated its sixth anniversary. We were fortunate to have so many good friends and supporters on both the carrier and broker side

that we were able to open our doors without much difficulty. We appreciate the continued support from so many.

It seems like we have experienced a lifetime of events in that six year period. When we started in 2005, we experienced the effects of the Spitzer paranoia amongst the carriers and retail brokers and then moved to a period of financial hardships imposed by the mortgage meltdown and the purported collapse of several insurance markets, the most notable being AIG. This period spawned the creation of numerous new markets in all lines and environmental and construction-related professional liability were not spared. Since then, AIG and the other carriers have survived and all of the existing and new markets are attempting to make a living off of a shrinking pool of business. That has presented an interesting dynamic over the past couple of years. As those of us who have been in the business for a while know, these things usually play out over several years and we know the landscape will change somewhat over the next few years as financial Darwin-

ism takes hold. As this occurs, we will continue to work with you to find the appropriate market to achieve the optimal solution to your client's needs.

We have continued to keep up with the market offerings and it seems that we haven't seen any new ones since our last newsletter; however, who can predict? The recent earthquakes in New Zealand and Japan will pose some interesting financial scenarios for carriers and, while too soon to predict, my sense is that there will be some change in the insurance marketplace. We sense both the need and demand for a change from the carriers and these events, on top of the other natural disasters that have befallen us over the past year, may force the market to turn.

Meanwhile, our team frequently meets with our key carrier partners to keep abreast of the offerings in the marketplace allowing us to find the optimal solutions for our partner brokers and their clients. Even with the continuous developments in the marketplace, New Day has successfully obtained solutions for our healthcare, education and hospitality clients. In addition, we have been involved with many General Liability/Pollution Legal Liability placements that have proven beneficial to our clients.

New Day's team has had numerous visits with our brokers and clients since the first of the year. The sentiment that I get from many of our partners is that while the worst is over with respect to what the economy presents, there is still significant room

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for improvement. We have seen revenues and exposures increase somewhat; however, we need to temper the excitement of revenue growth. For example, we had a contractor who dropped from \$20 million to \$5 million in revenues over 3 years. That contractor is now reporting \$6 million in revenue for the upcoming year. At least it is not going down!

The [New Day Blog](#) has received great feedback as we travel the country and demonstrate its applicability for our broker partners. The blog is updated regularly and the New Day Marketing Coordinator spends a good portion of her time finding appropriate material to post to keep it current. If you have not subscribed – you are missing out on a valuable sales and marketing tool.

I cannot close this message without mentioning the crisis in Japan resulting from the earthquake and subsequent tsunami. The management and staff at New Day extend their thoughts and prayers to the people of Japan and to those worldwide who lost friends or family in this horrific tragedy.

Jeffrey S. Lipper

Product Highlight

New Day Underwriting Managers presents a new column in the *New Day Standard*. Each quarter, we will highlight a different New Day product in an effort to educate our brokers on our diverse product offerings. This quarter, we present our Combined General Liability/Pollution Legal Liability product. For more information on this product, contact John Heft, Vice President and Director, Real Estate Practice (john.heft@newdayunderwriting.com).



General Liability/Pollution Legal Liability

In the ever expanding environmental insurance marketplace, Environmental Casualty offerings have increased greatly over the past 18-months and New Day Underwriting Managers is here to help. Combined form General Liability/ Pollution Legal Liability (GL/PLL) coverage is available for a wide variety of risks including the following:

- Abrasives
- Adhesives/Sealing/Caulking
- Aerosol Containers
- Aerosol Fillers
- Animal Feed
- Asphalt
- Auto, Aircraft, RV and Watercraft: Non-Critical Parts
- Auto/RV/Watercraft Critical Parts (No Aircraft)
- Bolts and Screws
- Bottle/Jar/Glass
- Building Materials
- Cement or Plaster
- Chemical/Component Ingredients
- Chemical Warehouseman (those who warehouse goods that they do not own)
- Chemical Manufacturers
- Chemical Distributors
- Clothing
- Coating (commercial end user)
- Color or Pigment Preparation
- Cosmetic/Shampoo
- Drum Reconditioner
- Electrical Parts
- Electroplater
- Equipment used to clean up, treat, monitor, control or measure pollution
- Fertilizer, Herbicide, Pesticide, Insecticide
- Floor Covering
- Food Additives (coloring, acids, flavoring, preservatives)
- Food Products (other than meat)
- Foundries
- Fuel Additives (Ethanol/Bio-diesel)
- Fumigants
- Furniture
- Household Appliances
- Ink
- Interior Building Finishing
- Materials - (wallpaper, interior wood trim, tile, lighting, wall-board)
- Lubricants and Oils
- Metal Goods
- Metal Working
 - Surface Finishing
 - Foundries
 - Metal Goods Manufacturing
- Membranes or Liners (under or aboveground)
- Packaging/Containers
- Aerosol Containers/Fillers
- Storage Tanks (UST/AST)
- Drums (including Reconditioning)
- Paint and Coatings
- Paper/Pulp
- Personal Care Products
- Plastic or Rubber Goods
- Pollution Treatment or Monitoring/Control Equipment
- Quarries
- Resin
- Soap/Detergent/Industrial Cleaners
- Solvent
- Storage Tanks (under or above-ground) & Drums
- Textiles
- Tool and Die
- Valves
- Waste Treatment, Storage or Disposal Facilities (landfill/recycling/incineration)
- Waxes or Polishes
- Wood Preserving

In addition to the pollution exposures at the insured's manufacturing and distribution facilities, some of the largest pollution claims involve the insured's products.

New Day can assist in evaluating your insured's current environmental casualty program or in developing an optimal solution that is not available in the standard casualty marketplace due to the existence of a total or absolute pollution exclusion. Combined form GL/PLL environmental coverage is offered by at least four environmental markets with numerous others offering standalone GL and PLL coverages.

Environmental casualty coverages address the following exposures:

- Blanket coverage for non-owned locations
- On- and off-site clean-up of owned and non-owned locations including Non-Owned Disposal Sites (i.e., landfills, solvent recycling facilities) for both new and pre-existing conditions
- On- and off-site bodily injury and property damage to third parties
- Natural resource damages

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Success Stories

PLL Coverage Placed for Soybean Oil Refiner



New Day Underwriting Managers recently worked on an expiring Pollution Legal Liability (PLL) policy for a company that refined soybean oil that was then used to make biodiesel fuel by an adjacent smaller entity. The larger entity was sold during the coverage term

and the renewal was only for the smaller biodiesel entity. After review by the incumbent's senior management, the renewal quote was withdrawn just one week prior to the renewal date. Quickly working with another carrier, New Day Underwriting Managers used its technical expertise, set up and facilitated engineering risk control conference calls, gathered additional engineering and environmental documentation and within only one week, obtained a comprehensive site liability program with broader coverage. In addition, New Day negotiated a 20% premium reduction from the incumbent carrier's renewal quote.

The final PLL policy compiled by New Day provided:

- Full on- and off-site, pre-existing and new pollution conditions coverage for bodily injury, property damage and clean up costs
- Mold coverage at full policy limits of \$5 million
- Blanket non-owned disposal site locations, even for a biofuels distilling business
- Emergency response costs coverage at the full \$5 million limits. This coverage was limited to \$250 thousand/\$1 million by incumbent
- \$1 million business interruption and expenses coverage

- Material change in use restriction that was provided only if the change resulted in more stringent remediation standards

PLL Coverage Placed for Pennsylvania College



New Day Underwriting Managers was recently given the opportunity to market an expiring Pollution Legal Liability policy for a Pennsylvania college. The retail broker enlisted New Day's assistance to negotiate coverage that would contain

enhancements over the expiring policy. New Day was not only successful in negotiating significant enhancements over the quote provided by the incumbent but did so without any increase to the prior year's premium.

Some of the enhancements provided by the policy negotiated by New Day included:

- On-site clean-up as well as third-party liability resulting from pollution conditions including Contractors Pollution Liability. In addition, the coverage provided was specifically designed for educational institutions. The incumbent was unable to provide these educational-specific coverages.
- Coverage enhancements provided that were specific for a university PLL policy and could not be provided by the incumbent included:
 - Business interruption
 - Coverage for bacteria and viruses including Business Interruption
 - Legionella and mold
 - Crisis management

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GL/PLL Product Highlight (continued from previous page)

- Transportation, products, or waste (can be expanded to Insured's vehicles)
- Mold matter and legionella
- Business interruption and Extra Expense resulting from pollution conditions
- Products pollution on a worldwide basis
- Coverage for operations performed by or on your behalf for third parties
- Hostile fire and building equipment
- Pesticides and Fertilizers

In the past few months, GL/PLL coverages have been refined even further with specific forms for the following industries:

- Treatment, Storage and Disposal Facilities
- Paints & Coatings Manufacturers
- Personal Care

Coverage is available on an excess basis up to a \$30,000,000 limit. Excess can sit over the GL, PLL, Automobile Liability, Employee Benefits Liability and Employers Liability.

New Day has been successful in enhancing current environmental casualty programs, customizing solutions for new corporate entities and competitively moving clients from the "standard" casualty marketplace to the environmental casualty marketplace.

Please contact John J. Heft, Vice President, Director-Real Estate Practice at 609-298-3516 Ext. 105 or at john.heft@newdayunderwriting.com with any questions.

Claims Examples

The following claims examples have been provided by New Day Underwriting Managers LLC for general discussion and illustration purposes. Insurance coverage may not apply to these particular claims illustrations. The information is not offered for the purpose of providing exact coverage terms or conditions. Policy terms and conditions should be reviewed to understand and determine if coverage may apply.

Contractor Causes Construction Mishap on MI Bridge



It was three years ago when a Michigan contractor working on the Zilwaukee bridge “inadvertently cut through reinforced steel during bearing replacement work,” causing a portion

of the roadway to be shut down for months longer than originally scheduled. The project went about \$500,000 over budget.

The Michigan Department of Transportation (MDOT) attributed the mishap to “as built” plans that failed to show changes made in the field during the bridge’s construction in the 1980s. As built, the final drawings provided by engineers or contractors to show how the final structure will be completed, are supposed to reduce mishaps like this. (Source: www.mlive.com)

If the contractor’s that had completed the “as-builts” had

purchased a Contractor’s Professional Liability (CPrL) policy, coverage may have been in place for the economic damages associated with their error.

Kansas Food Plant Settles Pollution Case



A food plant in Kansas recently agreed to pay a nearly \$400,000 civil fine to settle a lawsuit claiming that its processing plant that makes cole slaw and potato salad causes water pollution.

The allegations came from nearby residents complaining of odors and raw sewage floating downstream into Oklahoma. (Source: <http://en-vfpn.advisen.com>)

If the plant had a PLL policy in place, coverages may have existed for the odor as well as the water pollution. A PLL policy with an environmental carrier may have helped in several ways:

- Obtain pro-active risk control services to manage the exposures
- Obtain claims management assistance to work with local and federal authorities to mitigate the problem and manage the public relations
- Address the claim (payments for property damage and potentially the fines)

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Success Stories (continued from previous page)

- Emergency Response Cost coverage with a \$250,000 sublimit
- Crisis Management and Costs coverage with a \$250,000 sublimit
- Bodily injury and property damage coverage for asbestos and lead, as well as coverage for asbestos inadvertently disturbed

PLL Coverage Negotiated for Large Industrial Supplier



New Day Underwriting Managers recently worked with our broker partner to negotiate coverage for one of the largest industrial suppliers in the United States. With over \$1 billion in

sales, this supplier has offices and distribution locations in 20 states and 3 countries. The company supplies over 300,000 products including welding rods and industrial-grade chemicals and solvents. With concerns about potential premises and product pollution liability claims arising from these products, the insured was looking for coverage that would protect them against such claims.

New Day successfully negotiated Pollution Legal Liability (PLL) coverage that included the following:

- \$10 million/\$10 million limits
- Coverage for worldwide real estate portfolio
- Coverage for worldwide Products Pollution
- Business Interruption/Extra Expense
- Terrorism

Are You Blogging With New Day?



Have you joined the ranks of over 100 other brokers by subscribing to New Day Underwriting Managers' Blog, [New Day News and Views](#)? Join us to see what all the hype is about and you may win a new television set.

[New Day News and Views](#), since its launch in 2010, has become a valuable tool for our broker partners to find claims examples, success stories, New Day and industry news and more. With such valuable information at your fingertips, New Day wanted to offer an incentive for you to be easily kept informed of any updates made to the blog. New Day has set a goal of reaching 500 subscribers by June 1, 2011. If this goal is achieved, all brokers who are subscribed to the blog on June 1, 2011 will be entered into a drawing to win a 40" LCD HD television set.

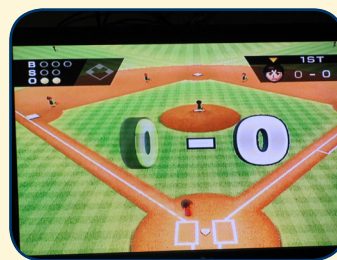
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We look forward to sharing our expertise and knowledge of the industry with you through [New Day News and Views](#) and to reading your comments and hearing your suggestions.

Having Some New Day Fun

The month of February brought with it some unwanted snow and cold temperatures here in New Jersey, but it also brought with it New Day Underwriting Managers' 2nd National Sales Meeting where our underwriters from around the country met in the Bordentown headquarters. Company goals, strategies, processes and procedures, and continuously improving our corporate culture of being knowledgeable, professional, and responsive were discussed so that we can continue to provide the highest levels of customer satisfaction to which our broker partners have become accustomed.

When the day's meetings were complete, the New Day employees stepped out for a night of fun with our first Wii Olympics. Tennis, baseball, golf and bowling were among the challenges in which the employees faced off against each other. A great time was had by all. This just may need to become an annual tradition at New Day.



2011 New Day Underwriting Managers Wii Olympics



Claims Examples (continued from page 4)

Dairy Plant Loses Case Against Car Dealer

A Missouri dairy factory that produces cheese and other dairy products lost a lawsuit recently that was filed by a neighboring car dealership claiming property damage resulting from emissions from the dairy plant. The complaint unfolded over a period of 10 years and "nuisance claims" have a statute of limitations of 10 years. (Source: <http://envfpn.advisen.com>)

Although the dairy plant was found not guilty, they still incurred defense costs. If a Pollution Legal Liability (PLL) policy were in place, it is likely that the carrier may have provided the defense (defense that is experienced in these sort of claims), subject to any retention.



EMPLOYEE Q&A – JOSEPH BUONO



Meet and get to know Joe Buono, Account Manager with New Day's Real Estate Practice. With over 10 years of experience in insurance, Joe has brought a great deal of knowledge and expertise to our team. Contact Joe at 609.298.3516 Ext. 114 or joe.buono@newdayunderwriting.com.

It gives me a connection to people outside of the industry when trying to explain what it is that I do.

The most challenging part of my job is the uncertainty of what each day will bring. I can have days that are completely quiet and others that seem like the phone calls and e-mails never end. Conversely, being busy is a good challenge to have.

1. How long have you been with New Day?

I have been with New Day since August 2009.

2. What are your primary job responsibilities at New Day?

I am an Account Manager on New Day's Real Estate Team, working directly with John Heft, Vice President and Director of the Real Estate Practice. In addition, I provide all on-site IT support.

3. What part of your job do you enjoy the most? What part do you find most challenging?

I really enjoy receiving new and recognizable accounts that I can mention in conversation when speaking about my pro-

4. What do you think brokers like best about working with New Day?

I believe that brokers can rest easy knowing that when they come to New Day, they are coming to a knowledgeable, specialized staff, that will provide guidance on very often complicated accounts. They also know that they are not treated as just another broker. They are a New Day partner. I know that we always try to perpetuate that feeling in all of our broker interactions, whether it be phone, e-mail or in person.

5. What are you most looking forward to as we head into spring and summer?

I am looking forward to no more snow! I am also looking forward to the days that just get longer. I generally feel much more energized in the summer.



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New Day Underwriting Managers LLC provides specialty insurance brokerage and underwriting services, assisting insurance brokers and their clients find appropriate, high-quality environmental and construction professional liability and related risk management services.

New Day Underwriting offers agents and brokers single-point access to an ample portfolio of products and services provided by the nation's largest environmental and professional liability insurance providers.

The authors of New Day Standard attempt to assure factual accuracy. However, New Day Underwriting Managers LLC is not responsible for errors.