

# Contractor's Pollution Liability

## COVERAGE APPLICATION:

Contractor's Pollution Legal Liability (CPL) is intended to provide pollution liability coverage for any type of contracting operations. Whether for environmental companies performing environmental or remedial contracting or non-environmental contractors, such as general contractors and artisan contractors performing typical construction, CPL is a viable and cost-effective alternative to help finance a company's environmental liability losses.

All contractors face environmental liability in four major areas: job site operations, transportation of waste/materials, disposal activities and owned/leased properties. CPL can be structured to address each of these areas of environmental risk.

## POLICY FORMS:

The typical CPL policy provides coverage for third-party bodily injury, property damage, clean up costs and defense costs which arise from covered operations performed by or on behalf of the contractor or named insured. Furthermore, CPL provides coverage to the named insured for vicarious pollution liability from subcontractors.

CPL is offered with both occurrence and claims-made "triggers," however, certain types of operations may restrict the use of the occurrence trigger. For example, when mold coverage is requested on high hazard operations, such as residential construction, CPL can be structured with an occurrence trigger on all pollution liability except mold. The mold liability coverage will be provided with a claims-made trigger. This allows a contractor currently insured with CPL to retain the occurrence trigger on all other pollution liability except mold.

CPL can be written on both practice/blanket and project specific policies

## PROGRAM HIGHLIGHTS:

- CPL is intended to fill the "environmental gap" in most general liability policies for contracting firms.
- External financing mechanism for environmental losses/claims that would otherwise be paid by the construction firm.
- Defense costs for potentially frivolous lawsuits. With the onslaught of mold-related bodily injury and property damage lawsuits, defense costs alone have shown to be astronomical.
- Fulfill contractual obligations required by owners and general contractors.
- Provide a competitive advantage by being able to demonstrate integrity of the organization and the work product offered.
- Underwriting process acts to assist in the contractor managing environmental risk to help prevent loss.
- Positive perception in the industry and community where work is being conducted.
- Mold liability coverage can be included; it is typically offered with a claims-made trigger.
- Pollution losses arising from materials/waste transportation performed by or on behalf of the named insured can be provided.
- Non-owned disposal site coverage (for clean up and liability stemming from designated disposal sites) can be provided.
- Premises pollution coverage for owned, leased or rented properties (maintenance shops, batch plants, quarries, landfills, office buildings, etc) can be provided.
- Punitive damages (where allowable by law) can be provided. In cases involving environmental claims, punitive damages coverage could be a crucial coverage enhancement.

## POLICY TERM:

- Practice or Blanket Policy (meaning all operations performed by the named insured) is typically offered on an annual basis.
- Project policies can be offered up to 10 years. Longer terms may be negotiated on an individual basis.

## MARKET OVERVIEW:

Today there are approximately 17 domestic environmental carriers offering CPL coverage. This represents about 20% of the environmental insurance marketplace. The CPL is manuscripted by each individual carrier – meaning numerous different forms and possible enhancements or endorsements. Furthermore, each carrier has different interpretations of coverage and underwriting philosophies, so it is prudent to always endorse negotiated terms rather than merely document underwriting intent.

## LIMITS OF LIABILITY:

- \$300,000,000 per loss/\$300,000,000 aggregate limit of liability if structured with various carriers from the environmental insurance marketplace.
- \$100,000,000 per loss/\$100,000,000 aggregate with any one particular carrier.

## RETENTIONS:

- \$5,000 minimum.
- CPL carriers offer both self insured retentions and deductibles. Typically deductibles have to be negotiated prior to policy inception.

## PREMIUMS:

- Typical premiums begin around \$5,000 for a \$1,000,000 per loss/\$1,000,000 aggregate limit of liability.

## INFORMATION NEEDED FOR INDICATION:

- Construction Services Application or
- Construction Services – Project Application

The above profile is only a brief overview of the product referenced. The information contained above has been provided by New Day Underwriting Managers, LLC for general discussion purposes about the referenced insurance coverage. The information is not offered for the purpose of providing exact coverage terms or conditions. The policy should be reviewed to understand all coverage terms and conditions.



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