

Pollution Legal Liability

COVERAGE APPLICATION:

Pollution Legal Liability (PLL) is intended to provide pollution liability coverage for environmental risks associated with the ownership/lease of property or operating a facility or site. PLL has applicability to virtually every industry that owns, leases, acquires or divests real estate. Where PLL was once used solely as an alternative for federally-regulated facilities to post financial assurance under the various federal statutes, today its application is far more widespread. In addition to treators/storers/disposers/generators of hazardous waste and materials, industries such as the following are purchasing PLL coverage to finance environmental loss:

Agriculture	Education	Property Development	Chemical
Warehousing	Manufacturing	Financial Institutions	Fuel Distribution
Pharmaceuticals	Healthcare	Mining	Biotechnology
Construction	Brownfields	Energy	Hotels/casino
Sports/Entertainment	Commercial Condominiums	Transportation	and more...

POLICY FORM:

PLL provides coverage for pollution conditions or events on, at, under or emanating from a covered location(s). Coverage is afforded for third-party bodily injury, property damage, cleanup costs and defense costs. A unique feature of many PLL policies is their ability to offer various and different coverage parts under one policy. Such coverage parts include, but are not limited to:

- New pollution conditions
- On-site cleanup coverage
- Non-Owned Disposal Site (NODS) coverage
- Builders soft cost
- Products – pollution liability
- Existing pollution conditions
- Transportation coverage
- Business Interruption
- Mold liability coverage
- Natural Resource Damage (NRD)

Another important aspect of coverage offered under PLL that should be understood is, if a known environmental condition exists at a site, the policy may be structured to provide some type of environmental coverage for that existing contamination. Coverage is based on the type and extent of the site's existing contamination.

PROGRAM HIGHLIGHTS:

- PLL is intended to fill the “environmental gap” left in most general liability policies for owners of property and operators of facilities or sites.
- External financing mechanism for environmental losses/claims that would otherwise be paid by the owner of the property.
- Can be structured with mold liability and mold cleanup coverage.
- Provides coverage for past, current and future environmental losses.
- PLL provides simple asset protection from potentially catastrophic environmental events associated with day to day operations.
- Reduces much of the uncertainty associated with environmental liability.
- Programs involving multiple premises can be tailored to address the diverse needs of each property.
- Can enhance the sale of property and provide assurance to unknown environmental liabilities in property transactions.
- PLL is flexible and can be tailored and enhanced to meet the specific needs of each risk.
- PLL is commonly accepted in lieu of environmental indemnities or can be structured to supplement indemnities.
- PLL provides coverage for Natural Resource Damage (NRD) claims.
- Can assist in providing clarity with SEC reporting of the company's environmental liabilities.
- PLL can be structured to meet a variety of requirements and objectives, including, but not limited to, regulatory obligations, and business objectives.
- Can be structured to provide coverage for pollution liability arising out of the following:
 - Products – otherwise excluded under general liability policies
 - Transportation – for waste/materials transported beyond the property boundaries
 - Business Interruption – for costs incurred as a result of pollution
 - Non-owned Disposal Sites – associated with liability at designated disposal sites
- Enhances financing prospects by allowing creditor protection.
- PLL is a transferable asset to future investors or buyers of insured properties.
- Punitive damages (where allowable by law) can be provided. In cases involving environmental claims, punitive damages could be extreme.

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POLICY TERM:

Depending on the use of the PLL policies, terms may be structured up to 10 years.

MARKET OVERVIEW:

Today, there are approximately 17 domestic carriers offering PLL coverage. PLL represents about 50% of the entire environmental insurance marketplace. The PLL is manuscripted by each individual carrier – meaning different forms and modifying 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 form the environmental insurance marketplace.
- \$50,000,000 per loss/\$50,000,000 aggregate with any one particular carrier.

RETENTIONS:

- \$5,000 minimum. Higher retentions are negotiated based on the financial strength of the insured.
- PLL carriers offer both self-insured retentions and deductibles. Typically, deductibles have to be negotiated prior to policy inception.

PREMIUMS:

- Typical premiums begin around \$2,500 for the \$1,000,000 per loss/\$1,000,000 aggregate limit of liability.

INFORMATION NEEDED FOR INDICATION:

- PLL 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.

