

January 24, 2008

## 2008 Environmental Marketplace Outlook

### Restoration Contractors

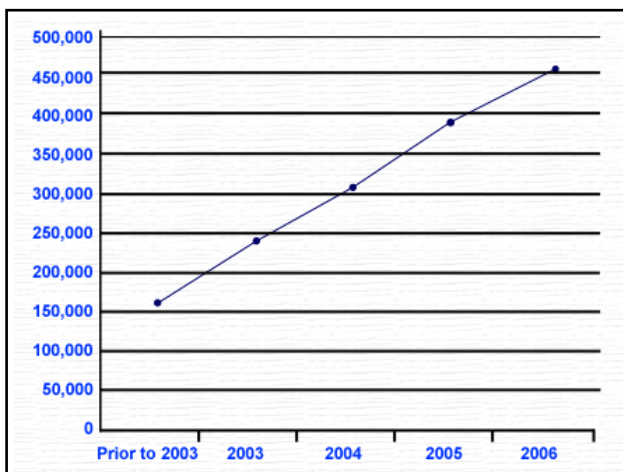
This contracting niche is typically involved in a broad range of contracting activities, including everything from simply water drying and carpet cleaning, to full remodel and structural restoration following a fire or flood damage.

For example, a restoration contractor was recently hired by an insurance carrier to remediate mold after drywall and carpet damage due to ice damage. Incomplete repairs to the roof resulted in new moisture entering the home and the remediation contractor had to pay for reconstruction and further remediation.

The fastest growing area in the Environmental marketplace this year may be Fire/Water damage restoration contractors. To address this demand, UCPM recently added another market that will write combined GL/CPL coverage for this class - with minimum premiums at just \$5,000 on a combined package.

Contractors in this industry are often associated with a one of the national insurance company referral resources, like Alacrity Services and Crawford Contractor Connection. Home owner insurance carriers use these trusted sources to resolve water and fire damage claims nationwide.

Alacrity Referrals



Source: Alacrity Services

### Advantages of a combined GL/CPL Policy Form

These contractors also benefit that by keeping both the General Liability and Pollution with the same carrier. This eliminates any issue that may arise on a claim that could fall into a pollution gray area. For example, it doesn't matter if a water damage claim is a construction defect issue (GL) or mold issue (CPL), because the carrier is on the claim either way.

In many cases, a fire/water restoration contractor can obtain a combined GL/CPL policy for what they had previously paid for just the GL. We had a recent situation where the GL carrier had quoted renewal terms on a long-time disaster cleanup and restoration account for \$140K. But we were able to negotiate a combined policy for them instead. Final price: \$99.7K.

A combined policy may not always be the best fit on some smaller restoration accounts. Some of these contractors are rated as "janitorial" on their GL policy or have a BOP policy for just a few hundred dollars. UCPM has several markets that can also write just the monoline CPL in these cases with similar minimum premiums.

### Fire/Water Damage Franchises

If one of your goals this year is to build your book in this particular niche, the following information may help you prospect potential clients.

- ServiceMaster - [www.servicemaster.com](http://www.servicemaster.com)
- Servpro - [www.servpro.com](http://www.servpro.com)
- Paul Davis - [www.pdrestoration.com](http://www.pdrestoration.com)
- Stanley Steemer - [www.stanleysteemer.com](http://www.stanleysteemer.com)
- Steamatic - [www.steamatic.com](http://www.steamatic.com)
- Rytech - [www.rytechinc.com](http://www.rytechinc.com)
- Service Magic - [www.servicemagic.com](http://www.servicemagic.com)

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### Some Recent Successes

- ❖ A Massachusetts ServiceMaster franchise doing about \$6.9M in water & fire damage restoration was able to get a combined policy with \$1/3M limits, a \$5K deductible and maintain their 2002 retro date for about \$60,900.
- ❖ Another ServiceMaster franchise working in southern California had a “less than perfect” loss history, and UCPM was still able to put together a combined package for them with \$1/3M limits, and a 2003 retro date for \$76,400. This contractor does about \$4.2M in mold remediation & water extraction.
- ❖ A South Carolina, Paul Davis affiliate doing mostly drywall & flooring, with some water extraction (about \$2M total) bound a \$1/2M limit policy with a 2003 retro for just \$12,300.
- ❖ Then there is the Wisconsin contractor not affiliated with any particular franchise that recently bound a \$10,500 combined policy. They do about \$800K in water extraction, interior demolition and carpet cleaning.