

Environmental Marketplace Update

Trade and General Contractors

The last few months have brought significant changes in the Contractors Pollution Liability (CPL) marketplace. Continued price softening, combined with available coverage enhancements, make it a good time for contractors to consider CPL coverage. Just to give you an idea of some of the recent changes:

- EIFS - coverage for Exterior Insulation & Finish Systems has been hard to come by until recently. There are now several carriers that will write mold coverage without excluding EIFS. While this solution does not directly address the EIFS exclusion that is on many standard GL policies, it does address one of their main exposures - mold due to improperly installed EIFS.
- Occurrence Mold - some select carriers are now willing to write mold on an occurrence basis. Most of the other carriers will write a CPL policy on an occurrence basis, and then endorse mold with its own Claims Made endorsement
- Mold Definitions - much stronger language regarding mold coverage is now available from a couple of markets. This includes "existence of" wording that better handles this pollutant that doesn't necessarily fit the standard pollution definitions.
- Restoration Costs - several carriers have recently upgraded their CPL policy forms to specifically cover the construction costs required to restore a building to its original condition following a mold incident.
- Multi-Year Policies - a few carriers are now willing to write up to 2 years on a practice policy, providing a significant cost savings.
- "Wrap-Up" CPL - multiple carriers will now offer policy terms of up to five years with an additional 10 years of extended reporting in order to cover the statute of limitations in most states.

Environmental Contractors & Consultants

Carriers seem to have an ever-expanding appetite for contractors doing at least some environmental work, and the definition of what they consider "environmental" is expanding as well. Contractors doing industrial cleaning, demolition & servicing the restaurant industry might now be classified as

Environmental Contractors. This allows the carriers to offer a combined GL/CPL policy, often at a considerable savings over standard GL markets.



Restoration Contractors

This fast growing market was once dominated by Zurich because they were willing to offer a combined CGL/CPL policy. That has changed significantly in the past few months with four other carriers now willing to write the combined package. Pricing with Westchester and Century has been especially competitive.

Niche Products

UCPM has a market now that will write monoline Railroad Protective policies.

Fixed Facility Pollution

Instead of covering an entire site, including each building on the site, at least one carrier is now offering to cover just indoor air quality issues of scheduled buildings. This approach to addressing mold, carbon monoxide and "sick building" exposure is typically more cost-effective and less underwriting-intensive and may be attractive to property owners/managers that are concerned primarily with indoor environmental risk.