



PRODUCT PROFILE

CONTRACTORS POLLUTION LIABILITY

COVERAGE APPLICATION

Contractors Pollution Liability (CPL) provides coverage for pollution conditions that occur as a result of covered contracting operations performed by or on behalf of the named insured. Readily available on an occurrence based form, coverage can be purchased on a practice or project basis.

The standard CPL form typically contains the following coverages:

- Jobsite contracting operations
- Emergency response first-party coverage to minimize the impact of a sudden/accidental pollution condition
- Transportation by or on behalf of the Named Insured and typically all modes of transport
- Non-owned disposal site (NODS) coverage on a blanket basis
- Sudden/accidental Pollution Legal Liability (PLL) for locations owned/leased/rented by the insured in support of contracting services
- Defense (widely available via supplemental defense limit)
- Mold/bacteria coverage provided on most forms

POLICY FORM

The typical CPL policy provides coverage for third-party bodily injury, property damage, clean up costs and defense costs that arise from covered operations performed by or on behalf of the contractor or named insured. Furthermore, CPL can provide coverage to the named insured for vicarious pollution liability from subcontractors. CPL is offered with both occurrence and claims-made insuring agreements.

PROGRAM OVERVIEW

- CPL is intended to fill the “environmental gap” in most general liability policies for contracting firms.
- Defense costs for potentially frivolous lawsuits. With the onslaught of pollution related bodily injury and property damage lawsuits, defense costs alone have shown to be astronomical.
- Alternatives can be provided for defense costs to be outside the limit of liability.
- Fulfill contractual obligations required by owners and general contractors.
- Underwriting process acts to assist the contractor in managing environmental risk to help prevent loss.
- No exclusions for silica, asbestos, or lead.
- 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 waste disposed by or on behalf of the company can be provided on a blanket basis.
- 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.
- Emergency response cost can be provided for cost incurred by the insured to mitigate an otherwise pollution condition/ claim.
- Mold liability can be offered on both occurrence or claims made triggers.
- Broadened definitions of pollution conditions can include mold, bacteria, viral matter, electromagnetic fields (EMF) and biological waste.

CONTACT

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CONTRACTORS POLLUTION LIABILITY *(cont.)*

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 17 years (including completed operations). Longer terms may be negotiated on an individual basis.

MARKET OVERVIEW

Today there are approximately 50 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.

LIMITS OF LIABILITY

- \$500,000,000 per loss/\$500,000,000 aggregate limit of liability if structured with various carriers from the environmental insurance marketplace.
- \$50,000,000 per loss/\$50,000,000 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 \$2,500 for a \$1,000,000 per loss/\$1,000,000 aggregate limit of liability.

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