

## COVERAGE APPLICATION

Contractors Professional and Pollution Liability was created to offer a cost-effective risk management solution to those contracting firms with both professional liability and environmental liability exposures. Rather than purchasing two separate policies, this combined form offers the ease of providing both coverages without the issues of two premiums and two retentions.

Whether it's from design/build projects, in-house design services, subcontracted design services or professional liability associated with "at-risk" construction management, the professional liability coverage part can provide necessary protection against a construction firm's professional activities. In addition, all contractors face environmental liability, specifically in four major areas: job site operations, transportation of waste/materials, disposal activities and owned/leased properties. Contractors Professional and Pollution Liability coverages can be structured to address each of these areas of environmental risk.

The Contractors Professional and Pollution Liability policy can be used for both environmental and non-environmental firms. Whether for environmental companies that perform environmental or remedial contracting or traditional contractors, such as general contractors, design/build firms or artisan contractors performing incidental design services, Contractors Professional and Pollution Liability is a viable and cost effective alternative to help manage the company's professional and environmental liability exposures.

## POLICY FORM

This policy provides coverage for direct and vicarious professional and pollution liability arising out of services performed by or on behalf of the named insured. Coverage is provided for damages arising from acts, errors, omissions and pollution conditions

arising from professional services and/or contracting operations. Typically there are different insuring agreements for the professional liability coverage part, which is claims-made, and contractors pollution, which can be either claims-made or occurrence.

Some Contractors Professional and Pollution Liability carriers also offer a first-party coverage, called "protective" coverage. This coverage part is a key enhancement to those construction firms providing design/build services and subcontracting the professional services to design professionals. The "protective" coverage part provides first-party indemnity for damages the named insured incurs in excess of the underlying design professional's professional liability policy. Typically, a minimum of \$1,000,000 insurance requirement (MIR) is placed upon the primary design professional for the protective to be offered.

In addition to "protective" coverage, some carriers also offer rectification or mitigation of damages (MOD) coverage. Rectification or MOD provides coverage for cost incurred to remedy or rectify a design error before it becomes a third party claim. Such coverage can be offered as a supplemental limit or sublimit.

## PROGRAM OVERVIEW:

- Cost effective solution to purchasing separate professional and pollution liability policies.
- External mechanism for managing both professional and environmental losses rather than the named insured incurring the cost.
- The Contractors Professional and Pollution Liability provides coverage for defense costs from both owners and third parties.
- Different insuring agreements for each coverage part, providing flexibility with limits, retentions and coverage grants.
- Fulfill contractual obligations that require both coverages in a more cost-effective manner than two separate policies.

## CONTACT

### RT SPECIALTY - HAMILTON

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Or contact your local RT Specialty broker or underwriter.

- Underwriting process assists the contractor in managing both professional and environmental liability risk.
- Positive perception in the industry and community where work is being conducted.
- Creates a competitive advantage when the benefits of such coverage are properly conveyed to the owner.
- Mold or microbial matter coverage can be included under both coverage parts, as well as under the first party coverage parts.
- Pollution arising from transportation performed by or on behalf of the named insured for losses arising from materials/waste transported or collisions.
- 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 – especially mold–punitive damages coverage may be an extremely 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 30 carriers willing to offer various forms of Contractors Professional and Pollution Liability coverage. Carriers' risk appetite varies dramatically. For example, one carrier may only offer Contractors Professional and Pollution Liability to general contractors, while others offer to construction managers, design/build firms and other non-environmental firms. For traditional design firms, the market is much more limited, with only about 15 carriers offering such coverage. Each carrier offers their own manuscripted policy so careful attention must be given in reviewing each form for coverage language.

### LIMITS OF LIABILITY

- \$300,000,000 per loss/\$300,000,000 aggregate limit of liability available if structured with various carriers from the professional liability insurance marketplace.
- \$25,000,000 per loss/\$25,000,000 aggregate with any one particular carrier.

### RETENTIONS

- \$5,000 minimum.
- Contractors Professional and Pollution Liability carriers offer both self insured retentions and deductibles. Typically deductibles are 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.

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