

# Broker/ Agent Toolkit Questions

Great American Insurance Group, Environmental Division



Within essentially every industry, you will find some degree of environmental pollution exposure. Environmental liabilities arising from property ownership, current and historic operations, or contracted services are often specialized, complex, and ultimately expensive.

The underwriters at Great American insure companies against liabilities arising from environmental exposures – the following illustrates how.

## 1. What is environmental insurance?

Environmental insurance is a specialized coverage for losses incurred as result of a discovery, third-party allegations, or regulatory actions arising from a pollution release at or migrating to an insured property, or because of contracting services performed for a third-party.

### Typical coverage addresses:

- ✓ Bodily injury
- ✓ Property damage
- ✓ Clean-up costs
- ✓ Defense costs

Coverage enhancements include liabilities resulting from non-owned disposal sites, transportation, contingent business interruption and first-party diminution of property value.

## 2. Is environmental protection included in a General Liability policy?

General Liability policies often exclude pollution losses making environmental policies a necessity for many businesses. Environmental policies effectively fill the coverage gaps in liability and property insurance policies.

## 3. What are the three core environmental insurance policies?

[Premises Environmental Liability Policy](#) insurance policies that provide coverage for first party cleanup costs on and off site, bodily injury, property damage, legal expenses, and diminution of property value. The Premise Environmental Liability policy also covers an insured's pollution liability arising from non-owned disposal sites, transportation of products or wastes, business interruption and contracting services.

[Contracting Services Liability Policy](#) insurance policies that provide coverage for claims in which a pollution incident is alleged to be the fault of an entity engaged in contracting services.

[Professional Pollution Liability Policy](#) adds professional coverage to the contracting services coverage.

## 4. Why should my clients be interested in this type of protection?

Conventional insurance policies are often very restrictive or exclude coverage for pollution altogether. Insureds are surprised when they realize their general liability policy or property policy do not afforded coverage for pollution releases.

Environmental insurance may be a requirement of a contractual agreement between a buyer and a seller, landlord and tenant, lender, and borrower or through a governmental entity.

Every operation has some degree of pollution exposure. Having adequate limits on an environmental insurance policy to investigate a pollution related claim, respond to a claim, or cleanup a pollution condition reduces coverage gaps and preserves limits on other lines of insurance.

## 5. What type of coverage is available?

Great American offers an exclusive focus on environmental insurance solutions to a wide variety of commercial clients. Our comprehensive products and services enable businesses to effectively manage risks that could pose threat to their financial security.

**Premises Environmental Liability Policy:** Pollution events can be financially threatening and harmful to the operations of a business and the company's reputation. Our PRE policy provides coverage for bodily injury, property damage, legal expenses and cleanup costs resulting from pollution conditions associated with a covered location. An Insured's pollution liability arising from non-owned disposal sites, transportation of products or wastes, business interruption, contingent business interruption, biological hazards and incidental contracting services can be added.

- **Special Risks Insurance Coverage:** An enhanced site-related pollution policy focusing on classes of business that have a higher exposure due to the nature of their operations.

**Indoor Air Quality and Mold Policy:** Mold litigation continues to be an issue throughout the country, resulting in costly verdicts against contractors, property owners and insureds. Our IAQ policy can help keep your clients safe against lurking mold dangers providing coverage for bodily injury, property damage, legal expense and building related cleanup costs resulting from pollution conditions on, at, or within a building on a covered location.

**Commercial Lender Policy:** A lender enters into loan agreements that financially assist their clients to achieve their business goals. But what happens when a borrower fails to honor their obligation to repay the lender? Our Commercial Lender policy is tailored to protect secured creditors from liability arising out of known or unknown pollution conditions at the insured real estate. This policy covers new and historical pollution sites, third party bodily injury and property damage, diminution in value of the collateral, emergency response costs and public relation fees.

**Contracting Services Environmental Liability Policy:** Let's face it, the construction industry is tough! Through day-to-day operations, contractors may experience bottom line threatening situations that could result in extensive cleanup costs and legal expenses. Our CSE policy provides coverage for liability associated with bodily injury, property damage, legal expenses and cleanup costs resulting from pollution conditions associated with contracting services, and is offered on both a practice and project basis.

**Contracting Services Project Specific Environmental Liability Policy:** A variety of accidents and environmental exposures have the potential to obstruct project development and cause financial setback. Our CSP policy offers coverage for pollution conditions associated with covered contracting services during the duration of a specific project. This coverage can be extended to include completed operations as well.

**Professional and Contracting Services Environmental Liability Policy:** While some insurance policies offer protection for certain types of professional related issues, many exclude them completely. Fortunately, our PCM policy includes coverage for liability associated with acts, errors, and omissions arising from professional services, in addition to the coverage provided under the Contracting Service Environmental Liability form. Enhancements include coverage for liability associated with owned locations, non-owned disposal sites, and transportation of the insured's products or wastes.

**Closure and Post Closure Financial Assurance Policy:** A Financial Assurance mechanism mandated by the government is proof of financial security (cash and non-cash) to guarantee the cost of complying with environmental objectives. Our CPC policy is a cost-effective means to satisfy these regulatory requirements.

### **Excess Environmental Liability Policy:**

Provides additional limits, pursuant to follow-form excess language, to any customer class that has a primary environmental liability insurance policy from an accredited carrier.

### Products Pollution Policy:

Often excluded from an insured's general liability coverage, our Products Pollution policy provides coverage for loss and cleanup costs as a result of a claim for bodily injury, property damage or environmental damage because of a pollution condition caused by the insured's product. Products Pollution is specifically designed for the manufacturers and distributors of various products including but not limited to paint and chemicals, metal goods, automotive parts, machinery and machinery parts, plastic and rubber goods, sporting, and outdoor products.

### Storage Tank Policy:

This policy provides primary coverage for above ground and underground storage tanks on an annual basis. Enabling Great American to issue the written certification pursuant to the state and federal financial assurance requirements pertaining to storage tanks.

Great American offers enhanced terms for emergency response costs, additional legal expenses, first-party diminution in value, civil fines, penalties, mold-drying costs, and disinfection expenses.

## **6. Are there any other types of businesses buying environmental insurance coverage?**

Every type of business can experience an environmental loss. Environmental exposures can arise from the operations of others in the proximity of an insured and without the insured's knowledge.

Even lending entities that do not have an ownership or operational interest in the insured property or contracting services, have the potential for an environmental loss. Great American's Commercial Lender product was developed to [protects lenders](#) and property owners as well as developers from liability arising out of known and unknown pollution conditions at the property site. This product effectively facilitates transactions by minimizing environmental liability operational issues such as indoor air quality, mold, asbestos or legionella to name a few.



Regardless of the size or industry, a significant pollution event can be financially threatening and harmful to the operations of the business and the company's reputation.

## **7. What is the difference between Site Pollution and Contractors Pollution?**

In plain terms, a Site Pollution policy affords insureds coverage for losses pertaining to their owned, rented, or occupied locations on a claims made basis during the policy period. Whereas a Contractors Pollution policy affords coverage to the professional contractor for their services that result in bodily injury, property damage, and clean-up costs that occur during the policy period.

## **8. What policy enhancements are available?**

Great American Insurance Group and its Environmental Division pride themselves on business versatility. We are experts on manuscripting policy forms to tailor coverage to our clients' needs. Some of our enhancement offerings include additional limit for legal expense, civil fines and penalties coverage for cleanup costs and diminution in value of a covered location.

Dedicated to serving the environmental space for more than a dozen consecutive years, our specialized environmental in-house legal staff provide expertise on policy language and continue to ease the burden on our insureds.

Great American is one of the few carriers in the industry to offer a mold-drying enhancement. This mold-related drying enhancement will cover up to \$25,000 in cost associated with dehumidifying, drying or similar activities undertaken that were necessary expenses due to any water, water intrusion event, moisture condition or similar issue that caused mold growth. Not only is this \$25K enhancement outside the limits of liability, the \$10K self-insured retention is the lowest in the marketplace!

## 9. Do you have examples of environmental claims scenarios that we can share with our clients?

Let's face it – accidents can happen where potentially costly claims and lawsuits may follow. Our claims team understands what this can mean to an insured and the threat an environmental incident can pose to profitability when a client is faced with a claim or lawsuit.

Our claims professionals are prepared to provide the resources and tools needed to mitigate a financial loss. Working alongside an insured's risk professionals, our team provides expert guidance with the aim of delivering our clients the very best outcome. We stand ready to help – with quality service and experienced legal representation at appropriate rates from our approved panel counsel list.

Our revamped [Claims Scenario Library](#) includes real situations that illustrate the variety of environmental exposures that may just as easily have affected your clients!

The claims scenarios depicted within our library showcase the potential industry-specific environmental risks and are helpful in validating coverage needs to your clients in a very tangible and demonstrable way.

Find new claims scenarios in every edition of our **Environmental Insider Newsletter**. [Subscribe here!](#)

## 10. Given the increasing need for environmental coverage, has there been an increase of competitors entering the market?

There are certainly many more markets in the environmental liability market than there were 15 or 20 years ago. However, the market has recently experienced a slowdown of new entrants as well as a consolidation of insurers in the environmental sector. Those new entrants typically focus on a niche market where they can be guaranteed success and then slowly expand their product and services offerings.

**With so many markets to consider for environmental liability coverage, it is essential that prospective insureds consider four primary factors when considering an insurance carrier for environmental liability coverage.**

- ✓ Financial strength of the company
- ✓ Quality and breadth of the coverage
- ✓ Level of experience within the underwriting and claims teams
- ✓ Reputation of that company

## 11. With the environmental insurance market being so competitive, what makes Great American so GREAT in comparison to other competitors?

We truly believe in putting the needs of our clients first. Our top priority is always to provide the best service and coverage to our brokers and agents' clients with one of a kind market products.

In addition to industry-leading coverage provided to our policyholders, the added services, and staff of insurance professionals, who are experts in underwriting, technical industry topics, risk management and claims resolution, truly distinguish us among the industry.

Our collaborative teamwork allows us to produce top results for our clients. The professionals at Great American Environmental take pride in their commitment to service excellence, technical expertise and the responsiveness needed to provide your clients with comprehensive risk management.

[Learn more about what sets us apart!](#)

## 12. What is the process of obtaining a policy?

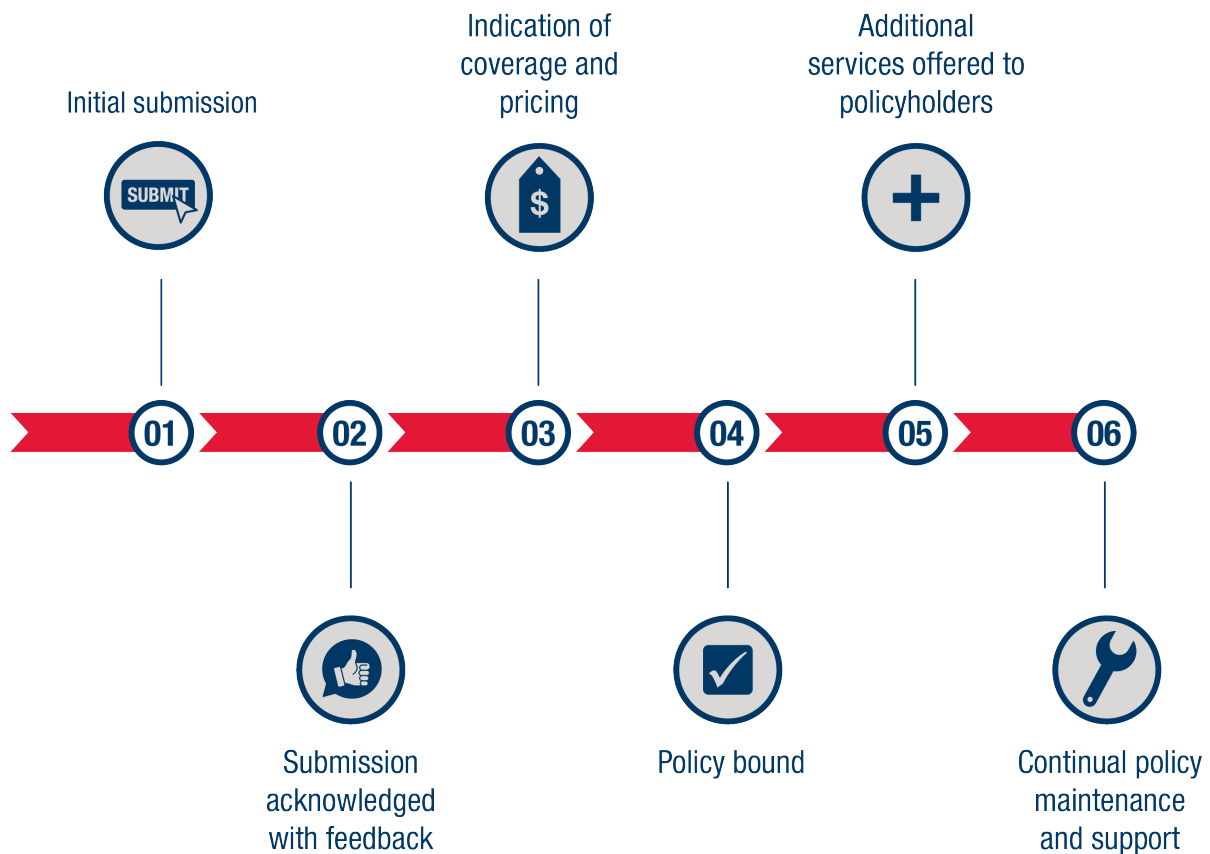
To obtain a policy from Great American Environmental, please submit a submission to [environmentalsubmission@gaig.com](mailto:environmentalsubmission@gaig.com).

We know your clients' time is valuable. Our underwriters timely acknowledge the submission and provide prompt feedback. An underwriter will review the submitted materials and prepare a proposal for you to review with the potential insured. The deliberate speed and accuracy with which our underwriters work helps to enable a smooth process from quoting through binding and policy issuance.

Great American Environmental can assist insureds in identifying and minimizing certain risks. We offer risk control services through our network of specialty vendors. These services, along with our underwriting expertise, helps to ensure that the appropriate coverages are being offered to address the unique needs of our clients.

Service does not stop at binding! Great American Environmental is vigilant in responding to client requests - anything from endorsement issuance to claims handling. We pride ourselves in the dedicated service we provide for each policy.

We encourage you to reach out to your underwriter directly or [contact us](#) with further questions! For more information about our service capabilities and product offerings, please view our [Environmental Product Guide](#) and [Overview Brochure](#).



### 13. What's next for Great American's Environmental Division?

As we continue to plan for this new decade, we identified our [keys to success](#) you will see outlined below. Focusing on strategic growth in which we ensure our culture remains at the forefront of any business decisions, these “keys” will help to guide us in best serving our customers’ needs for the next decade and beyond.

- ✓ **Professionalism:** To work with all people in an ethical and respectful manner
- ✓ **Quality:** To ensure that our work product is complete, accurate and meets the needs of our customers
- ✓ **Service-Oriented:** To constantly exceed the needs of our customers as best as possible
- ✓ **Ownership:** To take responsibility for our actions and commitment to a strong work ethic
- ✓ **Change:** To adapt to change which remains a constant within our industry
- ✓ **Collaboration:** To work as a team because we're stronger together than we are individually

Only by excelling in these [core principles](#) will we be able to “climb the mountain” and maintain our position as one of the industry’s premier environmental insurance carriers. We are excited to feature upcoming business expansion opportunities in addition to our [traditional offerings](#).

During unprecedented times, in an effort to offer any support that we can to you and your business, we have developed [new resource that are available during coronavirus disease \(COVID-19\) pandemic](#) to help facilitate awareness and best management practices for Property Owners, Managers and Construction Projects During Building Vacancies.

**“We remain proud to be one of only a handful of carriers who have achieved success during the [last decade](#) – we fully recognize that our successes and achievements would not have been possible without the strong support that all of you have given to us since our inception in 2008.”**

– Mark Vuono, Divisional President

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