



Looking Towards the Future

by Mark Vuono - Divisional President

For a decade, Great American's Environmental Division ("Great American Environmental") has prided itself on its ability to adapt and flex to best meet our customers' needs in an ever changing and challenging marketplace. As we look towards the future, one area of change that we spend much time discussing is how best to structure our Division to become better suited to succeed for many years to come.



With this mindset, we have implemented a new organizational structure that will take advantage of our strengths and better position ourselves to exceed the expectations of our clients. Focused on customer-oriented and knowledgeable underwriting, professional claims handling, timely and quality service throughout the policy lifecycle, and stability and financial strength to ensure a long-term commitment to the market, our Division now includes the following units.

National Underwriting

This unit, led by Eric McCabe, will handle the majority of the underwriting nationwide. This unit is staffed with underwriters and consultants within our various offices who possess the ability to build relationships with our customers regardless of location. We know the most successful deals are the result of relationships, and this structure will allow us to maintain current relationships while continuing to build new ones and take advantage of our vast skillsets and personalities to produce successful business.

Selective Underwriting

This unit, headed by Kirk Davenport, will be responsible for underwriting both new and renewal business submitted by a select group of brokers located across the country with whom strong working relationships have already been established. In addition, this unit will assist in the training of new underwriters and provide underwriting and supervisory assistance on new programs as opportunities develop.

Executive Underwriting

This unit, managed by Barry Geisler, will be responsible for managing our overall book of business, as well as underwriting specialty coverage lines such as Closure/ Post-Closure and Financial Assurance deals. In addition,

this unit will provide oversight and assistance in establishing underwriting guidelines, developing new products, providing legal support to the underwriters, and perform a variety of operational and administrative functions needed to support the underwriting units.

Technical Support

Led by Sara Brothers, this unit will provide technical support and guidance to the Underwriting and Claims units, technical training and management of any internal or external outside consultants. This unit will also provide our staff with information on the evolving guidelines and regulations within the environmental industry.

Claims

Managed by Bob Burkholder, our Claims unit will be responsible for handling the various claims reported under the program, working in conjunction with Great American's Claims department. Our Claims personnel are also able to provide assistance on legal issues and offer their insights to our Underwriting units and customers.

Working together, with constant communication and collaboration among all five units, we know that we will continue to provide the highest level of professionalism that you have come to expect from Great American Environmental, for many years to come.

If you have any questions, or would like additional information about our new structure, please reach out to one of our team members.

Thank you,



Mark Vuono
Divisional President



Protecting Your Bottom Line with Professional Liability and Contractor Pollution Liability Insurance

Kirk Davenport – Divisional Vice President - Selective Underwriting



General contractors, trade contractors and environmental contractors all face professional and pollution liability exposures. Over the last several years, we have seen an increased demand for Contractor Professional and Pollution Liability Insurance, driven by more clients requiring coverage for the contractors on their job sites. There is also an increase in demand due to an increased awareness by contractors regarding the value of Professional and Pollution

Liability Insurance. Allegations and claims pertaining to these contractor pollution and professional matters are not frequent; however, these claims are often quite severe. Regardless of any actual liability, contractors often incur large legal expenses simply to defend themselves from alleged injury or damages associated with professional services and pollution related to contracting services. Commercial General Liability (CGL) policies typically contain an absolute pollution exclusion resulting in little to no coverage for alleged pollution events. Coverage for an alleged professional act, error or omission may also be limited under the CGL.

Great American Environmental offers a variety of insurance solutions to address coverage gaps and to manage risks

that could threaten a contractor's bottom line. We currently have the capability to offer limits of liability up to \$50 million for most types of contractors. Our pollution related coverages are offered on an occurrence or claim-made basis depending on the type of risk. We also have the ability to offer a contractor's practice policy on a multi-year basis of up to three years for certain accounts.

Contracting Services Environmental Liability

Provides coverage for bodily injury, property damage, legal expenses and clean-up costs resulting from pollution conditions associated with contracting services. This includes coverage for mold, legionella, asbestos, lead-based paint and silica. This product also provides coverage for liability associated with non-owned disposal sites, transportation and the insured's owned locations. Great American Environmental typically provides occurrence coverage for the contracting services. We do not sub-limit emergency response costs. For many accounts, additional limits for legal expenses can be provided.

Contracting Services Project Specific Environmental Liability

Provides project specific coverage for bodily injury, property damage, legal expense and clean-up costs resulting from pollution conditions associated with contracting services. We can tailor this product for an owner controlled or contractor controlled wrap-up program. We also have the ability to provide an Owner's





Protective policy to provide the project owner with extra protection should their hired contractor's coverage fail to respond. Great American also has the ability to offer up to 17 years of coverage for the combined project period and completed operations period (maximum 10 years project policy term and 12 years completed operations period).

Professional and Contracting Services Environmental Liability

Provides coverage for liability associated with acts, errors or omissions arising from professional services in addition to the liabilities covered under the Contracting Services Environmental Liability product. We can also provide mitigation costs coverage in order to prevent further injury or damage and to reduce the insured's liability.

As noted previously, pollution and professional claims are often severe in nature. Mold has been a significant focus of claims activity throughout the industry. Larger mold claims often result in millions of dollars in alleged damages. Practically all trade contractors have some degree of exposure to mold claims. This ranges from grading and paving contractors to the general contractors. Contractors are exposed to a variety of other potential pollution conditions, including but not limited to, disturbance of asbestos, striking underground chemical tanks, silt and

sediment runoff, use of contaminated fill at a job site, and exacerbating a pre-existing pollution condition at a job site. Please visit our website at GAIG.com/Environmental for a comprehensive list of claims scenarios for both contracting and premises pollution liability policies.

Great American Environmental's insurance products are supported by a proactive and highly experienced claims staff. In addition to our in-house claims support, Great American also provides our insured's access to our Response and React Spill Response Program (R&R). This program provides a spill-response management team that is accessible 24 hours a day, 365 days a year, at no additional cost. R&R includes a network of more than 1,000 prequalified environmental contractors that are ready to respond to environmental emergencies and mitigate costs.

For more information on how Great American can help contractors address coverage gaps and manage risks, please contact Kirk Davenport at kdavenport@gaig.com.

Specialty Coverage – Closure and Post-Closure Insurance

Barry Geisler – Senior Vice President//Chief Underwriting Officer - Executive Underwriting



Great American Environmental offers a variety of specialty coverage lines designed to assist our insureds with meeting various potential financial assurance requirements. Examples of these include the Resource Conservation and Recovery Act (RCRA) liability financial assurance for treatment, storage, and disposal facilities and policies designed to demonstrate financial compliance for underground

or aboveground storage tanks.

Another specialty coverage is Closure and Post Closure (CPC) Insurance. As part of their operating permit and licensing requirements, owners and operators of certain classes of regulated solid and hazardous waste facilities or units are lawfully required to demonstrate to the applicable regulatory body that shows funds have been dedicated to pay for the closure of the facility or unit, as well as any associated post-closure costs. Several mechanisms can be used to demonstrate compliance with these regulations. One of these mechanisms is insurance, which is accepted as financial assurance in approximately 40 states.

Great American is one of only a handful of carriers offering Closure and Post-Closure coverage. A policy with us does not require writing other coverage lines in order to consider placing a CPC. In addition, we do not typically require the insured to post any form of collateral to secure the coverage, although collateral may be an option that works best in certain situations. Most importantly, all underwriting decisions are made within Great American Environmental, allowing for quick turnaround times and efficient account servicing.

Environmental Policy Features

- A first party contract between the insured and Great American that fully evidences the insured's compliance with the applicable financial assurance regulations.
- Allows for payments of Closure and Post-Closure costs upon receipt of a claim ordering the Closure or Post-Closure of the location or unit.
- Payments under the policy are made directly to the regulatory body responsible for the oversight and compliance of the regulated location, or as otherwise directed.

- Corrective action costs or other costs required as part of the financial assurance can be added by endorsement.
- Written as a "fronted" insurance product. The insured is responsible for reimbursing the carrier for any payments made through the use of a Guaranty Agreement.
- Pays for a claim upon the Closure and/or Post-Closure of the covered location or unit by the regulatory body.
- Cannot be cancelled or non-renewed unless approved by the appropriate regulatory body in writing, except for non-payment of the premium.
- Offered on an annual basis.

The Great American Advantage

- Significant underwriting experience in writing Closure and Post-Closure Insurance for a variety of companies.
- Service capability to issue required certificates and deal with regulatory bodies on approvals.
- Limits capacity of up to \$50 million per policy (can write multiple policies for one insured that has locations/units in several states).
- Great American Insurance Company is rated "A+" by A.M. Best and "A+" by Standard & Poor's and is authorized in all 50 states. 100+ consecutive years rated "A" or better by A.M. Best (affirmed May 12, 2016).
- Ability to offer admitted paper through the "DeReg" process in certain states.
- Streamlined process as all underwriting authority is exclusively within Great American Environmental.

To learn more about our specialty coverage lines and the various products we offer, you may email me at bgeisler@gaig.com.

Great American Environmental Risk Control Support Services

by Sara Brothers – Vice President – Technical Support



Placing the right environmental policy is the first step in managing and mitigating environmental exposures. Great American Environmental offers Risk Control Services to current and prospective insureds through our in-house technical experts, and our network of pre-qualified, specialty vendors representing diverse capabilities and experience in a variety of environmental areas. Some of the areas where we can

provide additional services to assist our insureds include the following.

Mold and Microbial Matter

- Assistance in the development of management plans related to water intrusion and mold/microbial matter issues.
- Training of personnel in property inspection protocols.
- Assistance with the implementation of the management plan.
- Identification of qualified, vetted contractors to assist in mold mitigation and assessment.
- Follow-up auditing to ensure compliance with the guidelines.

Legionella

- Conducting facility risk assessments in accordance with current industry standards and guidelines.
- Assistance in the development of a facility-specific water management program.
- Training of personnel in water management program and documentation requirements.
- Assistance with the implementation of the management plan and enacting control measures and corrective actions.
- Follow-up auditing to ensure compliance with the guidelines.

Asbestos and Lead Paint

- Assistance in the development of management plans related to asbestos and lead-based paint issues.
- Training of personnel in property inspection protocols.
- Assistance with the implementation of the management plan.
- Follow-up auditing to ensure compliance with the guidelines.

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Great American Environmental Risk Control Support Services - continued

Spill Control and Countermeasure (SPCC) Plans

- Assistance in the development of SPCC plans related to storage of chemicals at a facility.
- Training of site personnel in property inspection protocols.
- Assistance with the implementation of the management plan.
- Follow-up site inspections to ensure compliance with the guidelines.

Evaluation and Development of Due Diligence Protocols

- Assistance in the development and evaluation of due diligence protocols.
- Identification of qualified vendors.
- Evaluation of waste disposal facility risk management protocols.

If you are interested in learning more about our Risk Control services and how they can assist your insureds in managing their environmental exposures, please contact me at sbrothers@gaig.com, or your underwriter.

Case Study #1 - Regulatory Reopener at Apartment Complex

An owner of an apartment complex constructed in 1998 discovered that the apartment was built on previously contaminated property. The historical use of the site included a gas station. Prior to construction of the apartment complex, the underground storage tanks were removed and 22,000 tons of contaminated soil were excavated. A No Further Action letter was received from the state. In 2012, the owner received a letter from the state's Department of the Environment (DOE) explaining that the case was reopened. The reopener required the owner to hire an environmental consultant to review the details of the past cleanup activities in light of new groundwater and soil vapor regulations. The review was submitted to the DOE who determined additional sampling of the groundwater and soil vapor would be required. The DOE required two additional wells to be installed and sampled on a quarterly basis.



We're There for You

by Bob Burkholder – Senior Vice President - Claims



While trends and styles evolve over time, the fundamentals of handling environmental claims remains the same. Experience, expertise, communication, efficiency and professionalism have been the pillars of our claims operations for nearly 10 years. What sets Environmental apart is our absolute commitment to teamwork and collaboration, a commitment I am proud to be part of and one that our customers can rely on. Our team approach to claims

handling is designed to give our customers peace of mind knowing that their underwriter and claims specialists work hand-in-hand to service their needs. This collaborative method is backed by additional expertise that includes:

- Claims managed by attorneys with extensive and relevant experience.
- A 24/7/365 capability to respond to environmental emergencies with access to a nationwide network of consultants and remediation contractors.
- A proven network of attorneys specializing in environmental matters.

As a team, we hold ourselves responsible for consistently improving and adapting to best serve the needs of our customers. Being agile and adaptive allows us to continuously evolve and enhance our products and service. One example of this is our recently developed Response and React Program, which highlights our emergency response capabilities for our customers.

In closing, let me assure you that our team of claim professionals strive to provide a level of service that exceeds expectations in the environmental insurance industry.

If you would like to learn more about our capabilities or service, please feel free to email me at rburkholder@gaig.com.

Case Study #2 - Self-storage – Illicit Abandonment

A self-storage facility repossessed a unit due to non-payment. Upon entering the unit, they found 12 drums of hazardous material. The renter could not be found, so the owner of the facility was required to pay for the cost of disposal of the drums. In addition, soil and groundwater investigations were required due to staining on the floor of the unit, which resulted in the need to excavate several tons of impacted soils.



Premises Environmental Liability Coverage and Capabilities

by Patrick J. Mahoney – Vice President - Executive Underwriter



A Premises Environmental Liability Insurance Policy from Great American is one of the main products offered through the Environmental Division, and is applicable to almost every type of business class. Backed by our team of experienced underwriters and consultants, we have the ability to understand and analyze the risks associated with each account, which allows us to customize the

coverage specific to the insured.

The standard policy provides coverage for bodily injury, property damage, clean-up costs and associated legal expenses, resulting from pollution conditions on, at, under or migrating from covered locations. It also provides coverage for the insured's pollution liability associated with non-owned disposal sites, transportation of products or wastes, contracting services, clean-up costs for biological hazards, and business or contingent business interruption. If the insured's situation requires additional coverage, we offer enhancements and modifications on a case-by-case basis.

Policy Benefits:

- Coverage for both new and pre-existing pollution conditions.
- Coverage provided for both gradual and sudden/accidental events.
- Coverage can be triggered by the discovery of a pollution condition or a claim made by third party.
- Contracting services performed by the insured.
- Coverage for non-owned disposal sites on an un-scheduled basis.
- Compensatory, punitive, multiplied or exemplary damages and civil fines, penalties and assessments, where insurable by law.
- "Bodily Injury" includes medical and environmental monitoring and building related illness.
- "Pollutants" includes mold, legionella, low-level radioactive waste (LLRW) and electromagnetic fields (EMFs).

- "Pollution Condition" includes illicit abandonment of pollutants at a covered location.
- "Property Damage" includes natural resource damages.

Target classes (including mergers/acquisitions and development of):

- Real estate properties including apartments, condominiums, hotels, offices and shopping centers.
- Commercial facilities including food processing, warehouses, stadiums, golf courses, airports and universities.
- Industrial facilities including light and general manufacturing plants.
- Healthcare facilities including hospitals, healthcare centers and nursing homes.
- Municipalities and utilities.
- Environmental facilities including landfills, recycling facilities and treatment plants.
- Chemical/petroleum facilities including distribution, manufacturing and storage facilities.
- Lending institutions for any of the above classes.

Policy Features:

- Limits of liability up to \$50 million occurrence/\$100 million aggregate.
- Policy terms of up to 10 years (13 years for lenders).
- \$5,000 minimum premiums (single year policy).
- Covers locations in the U.S. or Canada and incidental worldwide exposures in countries that allow non-admitted markets.
- Separate limits can apply to each coverage part.
- Both admitted and non-admitted paper may be available depending on individual state regulations.

To learn more about Great American Environmental's Premises Environmental Liability Insurance Policy, or if you have any questions, please email me at pjmahoney@gaig.com.

Premises Environmental Liability Claims Scenarios

Case Study #3 - Recycling Center - Toxic Smoke

A fire at a plastic recycling center resulted in the release of a large plume of toxic, black smoke. The release caused a health advisory to be issued to nearby residents, eventually leading to the evacuation of several homeowners. Residents sued for bodily injury, property damage and their relocation expenses.

Case Study #5 - Distribution Facility – Chemical Release

Over one weekend, vandals entered a chemical distribution facility. Besides breaking a few windows, they also damaged a valve on a 10,000-gallon tank of chemicals. The damaged valve leaked until Monday morning when facility employees discovered the release. While most of the leaked contents could be removed and disposed of from the containment area, local environmental officials required subsurface testing of soils and groundwater, increasing the costs of the event.

Case Study #7 - Municipality - Petroleum Soil Contamination

A municipality purchased a former manufacturing facility as part of a larger Brownfield re-development project. After taking control of the property, the municipality discovered an old underground tank was missed during due diligence. Soil samples taken from the tank pit confirmed petroleum impacts. The area had to be over excavated and additional costs were incurred to properly dispose of the soils.

Case Study #4 - Office - Rainstorm Causes Grief

During a particularly heavy storm, rainwater gathered in a puddle on an office building's roof. Due to a clogged drain, the water level rose higher than the installed protective flashing and entered the drywall behind office furniture. Over time, mold began to grow in the obscured area and wasn't discovered until odors were noticed, leading to a costly clean-up and the potential for bodily injury claims from tenants.

Case Study #6 - Hotel - Legionella

The discovery of legionella in the water supply of a major hotel resulted in the shutdown of the hotel while the water system went through treatment for legionella. In addition to the remediation costs, several of the hotel occupants sued the hotel claiming bodily injury from exposure to the disease.





A Company You Can Count On

Great American Insurance Group's roots go back to 1872 with the founding of its flagship company, Great American Insurance Company. Based in Cincinnati, Ohio, the operations of Great American Insurance Group are engaged primarily in property and casualty insurance, focusing on specialty commercial products for businesses, and in the sale of traditional fixed and indexed annuities.

Great American Insurance Company is currently rated "A+" (Superior) by A.M. Best, and has received an "A" (Excellent) or higher rating from the A.M. Best Company for more than 100 years.* The members of Great American Insurance Group are subsidiaries of American Financial Group, Inc. AFG's common stock is listed and traded on the New York Stock Exchange under the symbol AFG.

The Numbers Tell the Story

There are over **3,000** property and casualty insurance companies in the United States.

Only **50** are included on the Ward's 50 List for safety, consistency and performance.

Only **5** have been rated "A" or better by A.M. Best for over 100 years.

Only **2** are on both lists.

Great American Insurance Company is **1** of the two.

We are proud of our "A+" (Superior) A.M. Best rating and thank you for the trust you have placed in us to insure your important specialty accounts.

*A.M. Best rating affirmed May 12, 2017 Ward's 50 List for safety, consistency and performance. Standard & Poor's rating affirmed February 8, 2017.

The above mentioned claim and coverage scenarios are provided to illustrate exposures your client could encounter. The facts of any situation which may actually arise and the terms, conditions, exclusions and limitations in any policy in effect at that time are unique. Thus, no representation is made that any specific insurance coverage applies to the above scenarios. The information presented in this publication is intended to provide guidance and is not intended as a legal interpretation of any federal, state or local laws, rules or regulations applicable to your business. The loss prevention information provided is intended only to assist policyholders in the management of potential loss producing conditions involving their premises and/or operations based on generally accepted safe practices. In providing such information, Great American does not warrant that all potential hazards or conditions have been evaluated or can be controlled. It is not intended as an offer to write insurance for such conditions or exposures. The liability of Great American Insurance Company and its affiliated insurers is limited to the terms, limits and conditions of the insurance policies underwritten by any of them. Coverage description is summarized. Refer to the actual policy for a full description of applicable terms, conditions, limits and exclusions. Policies are underwritten by Great American Insurance Company, an authorized insurer in all 50 states and the DC and Great American E&S Insurance Company, eligible to underwrite surplus lines insurance in all 50 states and the DC. This is not intended as a solicitation or offer to sell an insurance product in a jurisdiction in which the solicitation, offer, sale or purchase thereof would be unlawful. © 2017 Great American Insurance Company, 301 E. Fourth St., Cincinnati, OH 45202. All rights reserved. 5072-ENV (8/17)