

Commercial Pollution Legal Liability



Changing the Market

For nearly three decades, the environmental insurance market has grown and changed dramatically, evolving from early limited coverage endorsements to some of the most complex products of today. Yet, only one out of every 20 businesses purchases a stand-alone environmental insurance policy. Despite everyday environmental liability risk concerns related to mold, silica, threat of terrorism, or foreign environmental risks — many companies still don't look to environmental insurance because they mistakenly believe it's either too complicated to decipher, too specific in its coverage, or too expensive. Chartis is helping to throw all three of those misperceptions out the window with one policy.

Simple Yet Unique

While traditional environmental insurance products generally have a narrow insuring agreement that only responds to "insured property", "covered operations", or "transported cargo", Commercial PLL is just the opposite. Similar in some ways to a standard CGL insuring agreement, the Commercial PLL insuring agreement provides coverage for third-party Claims for Bodily Injury, Property Damage or Clean-Up Costs that arise from Pollution Conditions for which the insured is legally obligated. What could be simpler than that?

Healthcare Industry

- Overview – Carelessness in Waste Disposal*
After scanning waste with a gamma radiation detector, a healthcare facility sent 15 drums of what appeared to be ordinary medical waste for incineration. The contents turned out to be slightly radioactive and therefore should have been disposed of as radioactive waste. The facility did not identify the contaminants because the gamma radiation detector did not detect alpha and beta radiation.
- Problem – Substantial Settlement Costs and Potential Remediation in the Millions*
The insured's operational mishap resulted in substantial settlement costs for third-party Bodily Injury and Property Damage. Remediation costs for the cleanup of radioactive contaminated ash and sludge could be in the millions.
- Solution – An Efficient, Affordable Way to Cover a Range of Risks*
Commercial PLL provides coverage for utilization of non-owned disposal sites after the retroactive date. Healthcare companies insured under the policy can enjoy the security of knowing their environmental liability exposures are protected under one policy form without specifically scheduling waste disposal sites to the policy.

"Off-The-Shelf" Doesn't Mean "Limited"

Commercial PLL's simple coverage structure is easy to understand and adds significant value, particularly for exposures that are complex and difficult to foresee. With the financial strength and experience of Chartis, it not only provides beneficial coverage, it will be there when you need it.

Educational Institutions

- Overview – Building Renovation Leads to Spill*
A university was renovating an off-campus building. The construction contractors negotiated clauses in their contracts that limited liability with respect to environmental claims. As a result of the contractor's activities, a leak occurred in a heating-oil storage tank. The leak escaped containment and was not discovered for days.
- Problem – Uncovered Sites Can be Costly*
The spill reached a nearby river. The school faced cleanup costs for the spill. The construction contract may insulate the contractor from contributing to the costs of cleanup.
- Solution – Minimize Exposure Uncertainties With Commercial PLL Coverage*
Commercial PLL can offer educational institutions protection from environmental liabilities resulting from both sudden and gradual Pollution Conditions in one policy. In addition, Commercial PLL covers all an insured's owned or leased properties on the inception date of the policy, without the need for property schedules.

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Research & Development Firms (Including High-Tech Firms)

- *Overview – New Chemicals Spill*
A research and development firm located in a shared office complex began working with a new liquid chemical in its research processes. While opening the package of the chemical, an employee spilled a pint-sized amount of the liquid.
- *Problem – Spill at One Location, Shut Down of Building*
The spilled chemical can cause severe irritation if inhaled and can be fatal if swallowed. It can cause burns or blisters if it comes into contact with the skin for more than a few minutes. In high concentrations, exposure to the eyes can cause blindness and prolonged inhalation of vapors can result in death. The building, including a neighboring software company, was evacuated for the remainder of the day as local Hazardous Material Response teams secured the building. An emergency cleanup was directed by the regulatory response team on-site at the location. The neighboring business lost the use of its facilities, and the income that it would have generated, during the evacuation.
- *Solution – Help to Effectively Minimize Coverage Gaps*
Commercial PLL provides Emergency Response Cost coverage without a written claim requirement. Also, third-party loss of use of tangible property is included within the definition of Property Damage. For R&D firms that own or subcontract manufacturing, assembly, or storage, Commercial PLL through Chartis offers protection from environmental liability exposures without the confusion and added costs of multiple policies and premiums.

The Commercial PLL form provides protection for Claims resulting from Pollution Conditions relating to: premises owned and leased by the named insured on the inception date of the policy, and non-owned disposal sites used by the named insured after the retroactive date. The policy also provides protection for Claims resulting from Pollution Conditions caused during transportation and covered operations conducted away from the named insured's premises. This policy helps close the gaps that may occur with multiple insurance policies, premiums and deductibles by insuring facilities, disposal sites, transportation and covered operations under one policy. Commercial PLL helps companies to manage these risks in a cost effective and practical way.

Expecting the Unexpected

The world of environmental risk is consistently changing. Your risks of today won't necessarily be your risks of tomorrow or two years from now. Commercial PLL is designed to help reduce the uncertainty of the unknown. Policyholders can take comfort in the security of knowing their environmental liability exposures are insured under one policy. Commercial PLL insures liability arising from sudden and gradual Pollution Conditions.

Additional Benefits

- Our claims unit is comprised of over 80 specialty claims individuals experienced in handling environmental claims. The claims department pre-negotiates rates with outside law firms and engineering companies to help reduce loss. This combination of product and service helps companies to offset the potential impact an environmental liability can have on a company.
- Our engineering loss control programs can help to improve your clients' risks at no cost.
- Local, experienced underwriting staff located in 13 regional offices across the country. We hire geologists, biologists, nuclear engineers, and casualty insurance professionals to build these underwriting teams.
- Automatic inclusion in the PIER (Pollution Incident and Environmental Response) program provides insureds 24/7 access to a network of environmental consultants at pre-negotiated rates.

Commercial PLL Key Policy Features:

- No Scheduling – Insured properties that are owned and leased by the named insured on the inception date, contracting operations, disposal sites or vehicles for transportation
- No Retroactive Date – Pre-Existing Pollution Conditions for owned and operated sites provided in base form
- Emergency Response Costs – No written claim needed

For more information on Commercial PLL

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Chartis is a world leading property-casualty and general insurance organization serving more than 40 million clients in over 160 countries and jurisdictions. With a 90-year history, one of the industry's most extensive ranges of products and services, deep claims expertise and excellent financial strength, Chartis enables its commercial and personal insurance clients alike to manage virtually any risk with confidence.

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