Environmental Insurance for Consulting & Construction Projects

30th Annual Environmental Permitting Summer School
7/20/16 session – Risk Management for Environmental Consultants
Contract Requirements

- Indemnification
- Insurance
  - Workers Compensation
  - General Liability
  - Automobile
  - Property / Equipment
  - Builders’ Risk
  - Professional / Pollution
- Certificates of Insurance
Contractor’s Pollution Liability Purchasers

- **Construction Industry:**
  - Construction Managers, Demolition, General Contractors, Marine & Street and Road

- **Environmental:**
  - Consultants, Remediation & Emergency Response

- **Operations & Maintenance:**
  - Airport Fueling and Operations, Plant Operations, Sewage Treatment & Utilities

- **Skilled Trades People:**
  - Electrical, Industrial, HVAC & Pipelines
Options for providing Environmental Insurance

- **Contractors Pollution Liability (practice policy)**
  - Renew annually, limits are often $1,000,000 or less
  - Limits are spread over all work done by the firm

- **Contractors Pollution project-specific policy¹**
  - Typically insures all professional services related to the project and all firms performing professional work
  - Coverage is tailored to the insured project
  - Policy covers the entire term of the project and completed operations period

- **Contractor’s Protective Professional Indemnity (CPPI)**

- **Owner’s Protective Professional Indemnity (OPPI)**
  - ¹. Project-Specific Policy can also be purchased by Owner
Traditional Pollution Insurance Solutions
Contractor’s Pollution Liability Coverages

- Covers pollution conditions caused by the operations of the insured (regardless of where they take place)
- Covers clean-up costs (both on and emanating from the job site)
- Covers 3rd party bodily injury/property damage (both on and emanating from the job site)
- Available as claims-made or occurrence
- Also available as a project-specific OCIP or CCIP
- Rated based on revenue and are non-auditable
Contractor’s Pollution Liability Enhancements

- Blanket Non-Owned Disposal Site Coverage
- Sudden & Accidental Site Coverage
- Mold
- Modified Professional Services Exclusion – Provides Coverage for Waste Brokering
- Defense Outside Policy Limits (Not Available Through All Carriers)
- Punitive Damages Where Allowed by Law
- Contractors operations professional
Non-Traditional Pollution Insurance Solutions
Options for Insuring Environmental Liability

CPPI
Options for Insuring Professional Liability

- **Contractor’s Protective Professional Indemnity (CPPI)**
  - Purchased by the design-build contractor and provides coverage for two types of claims/losses:
    - Third-party claims against the design-build contractor
    - Excess limits for claims by the contractor against subcontracted design firms where the design professional’s limits are exhausted
  - Policy can be endorsed to include coverage for Contractor’s Pollution Liability
  - Coverage can also be provided for rectification indemnity
    - Allows design-builder to make corrections due to design errors that are discovered before project work is completed
  - Policy is written for the term of the construction and for a completed operations period of 5 years or more
Options for Insuring Professional Liability

OPPI
Options for Insuring Professional Liability

- Owner’s Protective Professional Indemnity (OPPI)
  - Purchased by the Owner to supplement the limits of design professionals’ coverage on an insured project
  - Requires lead design firms to maintain a minimum amount of professional liability insurance (i.e., $1 MM)
  - Protects only the Owner; design professionals must purchase more insurance if they need more protection
  - Policy is written for the term of the construction and for a completed operations period of 5 years or more
  - OPPI Policy is triggered when subcontracted design professional’s liability insurance is exhausted or coverage deficiency bars coverage
  - Less expensive than project-specific policy since the design firms’ coverage is primary
Considerations

- Involve your insurance broker early on in the process
- Provide contract details including scope of work, budget, timeline and delivery method
- Be sure the contract specifies responsibility for deductibles / retentions
Aon Environmental Services Group
Veronica W. Benzinger
Managing Director - Chief Broking Officer
Email: veronica.benzinger@aon.com
Phone: 561-253-2514