

Environmental Insurance Coverage Analysis

Prepared for:
Your Insured

On behalf of
Your Agency

By



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Overview

One of the toughest things about purchasing insurance is understanding what you are buying. The language is complex and obviously written by insurance company legal departments. There are differences between each policy form, but the wording is often very complex. Each base policy form provides certain coverages, but then those are accompanied by a list of endorsements that add, remove, limit or otherwise modify the coverage that had been previously extended. Analyzing these coverage issues and untangling the endorsements in order to see what kind of coverage is actually being provided can typically take hours.



To solve this complexity, UCPM has created a Dynamic Coverage Analysis Tool (DCAT). This tool uses patent-pending technology to analyze every form and endorsement that has been used by the insurance carriers in the quote(s) provided to you.

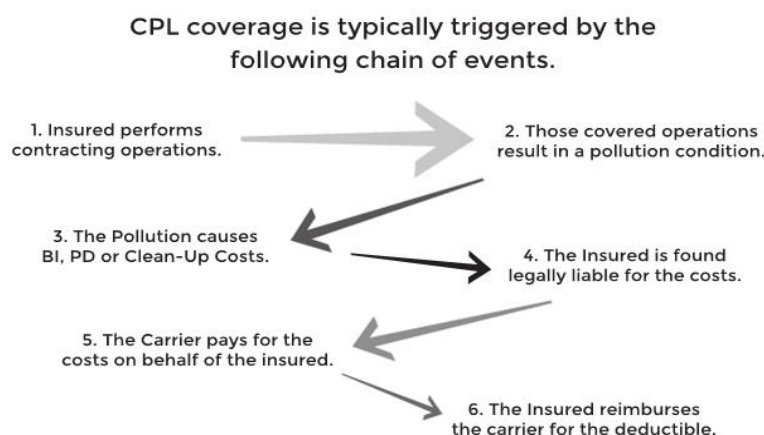
Your Agent has engaged a specialist like UCPM to place this particular policy for a reason. UCPM, Inc. is an industry leader and focuses on one specific thing - Environmental Insurance. Our focus has been to provide you with the best value possible and the ability to make an informed decision.

It is always our objective to procure the best coverage at the best price. However, sometimes there are differences between forms and quotes that go beyond just price. For example, is a broader policy form worth the money if it costs a little more? Or is there a specific coverage piece that you just need to have? These are some of the things we have considered in compiling this analysis.

What is Contractors Pollution Liability (CPL)?

The basic premise of Contractor's Pollution policy varies a little by carrier, but generally coverage is designed to pay on behalf of the insured for four main things: Bodily Injury (BI), Property Damage (PD), Clean-Up Costs, and Defense Expense resulting from a pollution incident allegedly caused by the insured's covered operations. Here is how it all works:

What does a CPL Claim look like?



Detailed Analysis of Policy Coverage

UCPM negotiates literally thousands of Contractors Pollution Liability policies each year. That experience has enabled us to not only identify the key policy differences between the various carriers, but recognize which ones are likely to matter to you.

The analysis below is intended to educate and inform, and is based on our best evaluation of various issues, policy language and the combined wording of both policy forms and relevant endorsements. It is not intended as a guarantee that any sort of claim is covered. Coverage for any particular incident would depend on the policy in effect, the terms, conditions and exclusions in any such policy and the facts of each unique situation. No representation is made that any specific insurance coverage would apply. Please refer to the individual policy forms for specific coverage details.

Mold and/or Fungus as a Pollutant

The EPA website states that “molds and mildews release disease-causing toxins”. Not all molds release potentially hazardous mycotoxins and not all people suffer long-term health effects from them. Still, mold has the potential to lead to claims of severe bodily injury or significant remediation costs, and as such, needs to be a consideration for any contractor whose operations have the potential to cause or disperse mold. Whether mold fits the historical definition of a pollutant has been debated widely, with legal opinions coming out in support of both sides of the issue. Mold can be covered on either a claims made or occurrence basis, regardless of the base policy form.

Covered-Claims Made -- means the policy wording specifically names mold (or the broader term of fungus) in the definition of “pollutants” or “pollution conditions” and that the mold portion of the policy is claims made.

Covered-Occurrence -- means that the mold coverage is occurrence.

Silent - means the policy wording does not specifically address mold/fungus as covered or excluded. It would then be up to the carrier or courts to determine whether mold is a “pollutant” under the policy terms.

Excluded - means the policy wording specifically excludes claims arising from mold/fungus.

For more information: [Watch Video](#)

Carrier #1	Covered - Claims Made
Carrier #2	Silent

Definition of “Pollution Conditions” Includes “Existence”, “Presence” or “Growth” Language for Mold

Mold spores are present in most environments and only need moisture and a food source, such as drywall or wood, to multiply and thrive. CPL policies historically defined “pollution conditions” using motion words such as dispersal, escape, release, migration or seepage because carriers had to clarify that properly contained pollutants didn’t constitute a “pollution condition”. Existing mold can be dispersed by a contractor and such a scenario would fit nicely into the standard definition of “pollution conditions” as long as mold is a pollutant on the policy. The more common mold liability scenario involves a contractor creating a moisture problem that results in mold growth, but does not involve any dispersal of that mold. To address this issue, some carriers have added wording to the definition of “pollution conditions” to clarify that the mere existence of mold will constitute a pollution condition.

Carrier #1	No
Carrier #2	[N/A]

Mold Cleanup Standard as Recommended by an Environmental Professional

CPL policies state that the carrier will pay to remediate pollution conditions to the extent required by environmental laws. There aren’t environmental laws that set forth the acceptable cleanup standard for mold. As such, it is preferable when the definition of “cleanup costs” includes the clarification that in the absence of environmental laws, they will remediate to the extent recommended by an environmental professional.

Carrier #1	Yes
Carrier #2	[N/A]

Definition of “Pollution Conditions” Includes Silt and Sedimentation

Courts have been split on whether silt and sedimentation fit the standard insurance definition of “pollutants” because they are just dirt. Still, silt and sedimentation have potential for ecological damage when they impact the natural balance of a body of water and contractors can be liable for those consequences. To gain potential coverage for such instances, the definition of “pollution conditions” or “pollutants” needs to include silt and sedimentation.

For more information: [Watch Video](#)

Carrier #1	No
Carrier #2	No