

## REAL ESTATE - PREMISES AND TANK POLLUTION

Real Estate Portfolios such as multi tenant habitational ( apartments or condominiums ), commercial/light industrial, retail, and warehousing/distribution have an insurance need for meeting obligations for their environmental liabilities. However, pollution provisions are most often not provided for under general liability or property policy coverages.

### PHLY Environmental provides the following coverage solutions...

Premises Environmental Coverage (PEC) and Storage Tank Environmental Policy (STEP) policies consider any risk that...

- Have had a water intrusion event
- Have leaking pipes, faulty heating and air conditioning, or faulty windows from older buildings
- Conduct acquisitions of properties with unknown historical contamination
- Has storage tanks
- Has potential contamination from tenant operations and activities
- Could be exposed to illicit abandonment
- Have third-party tenants which use and store chemicals

...which could carry a significant exposure to environmental risk.

#### Premises Environmental Coverage Product Specifics:

- Limits: Available: \$15M per occurrence/\$15M aggregate
- Minimum Premium: \$3,000
- Policy Term: up to 3-year term available

#### STEP Product Specifics:

- Limits: Up to \$15M per occurrence/\$15M aggregate
- Minimum Premium: \$300 per storage tank

### We have developed class specific coverage using our Real Estate Shield, which can include:

- Remediation Expenses for contamination on, at or under, migrating from or through the insured's location
- Third party bodily injury or property damage claims resulting from contamination (this includes patients!)
- Claims for Indoor Air Quality, such as mold or legionella; as well as claims for facility borne viruses and bacteria
- Expenses associated with contamination events as a result of transportation or resulting cleanup of a waste disposal site or recycling facility to which the insured shipped its waste or materials Expenses associated with claims arising out of contamination during transportation of materials or waste from the insured's location
- Business Interruption Expenses as a result of remediation of contamination at the insured's location
- Associated defense expenses
- 1st Party Diminution in Value (DIV) from a contamination event
- Broad covered location extensions for schedule of values (SOV) disclosures and protections for unintentional omissions

### PEC and STEP Real Estate Claims Scenarios: (\*designated costs are in excess of the applicable policy retentions)

#### PEC Claims Scenarios:

Tenants of an apartment complex alleged that exposure to mold impaired their ability to function. Bodily injury claims included headaches, inability to concentrate, and difficulty breathing. The tenant filed a lawsuit. Defense costs were over \$1M and the settlement costs were over \$250,000.

#### STEP Claims Scenario:

A service station owner, who performed regular tank testing on his fuel systems, discovered during the latest test that an underground tank supply line was leaking. Soil sampling and investigations identified that diesel fuel had pooled around the tank. The tank was excavated and the contaminated soils were removed and disposed at an offsite waste facility. A total of \$368,000 was spent between the costs for investigation, remediation and disposal.



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# REAL ESTATE - CONTRACTOR ENVIRONMENTAL AND PROFESSIONAL COVERAGE

## PHLY Environmental provides the following coverage solutions...

### Contractor Environmental and Professional Coverage (CEPC)

Any contractor working at real estate locations (such as but not limited to: habitational, commercial/light industrial, retail, and warehousing/distribution) has a heightened exposure for environmental risk. Contractors may unknowingly cause or exacerbate contaminants leading to a contamination event.

#### CEPC Exposures:

- If not installed correctly, air balancing of the system may be off (indoor air quality), which can lead to mold
- Fumes from sealants, adhesives, and lubricants used in the installation may lead to a pollution condition
- Accidental disturbance of lead based paint and/or asbestos within a structure
- Mercury or other harmful materials due to the accidental dropping of light fixture
- Incorrectly designed HVAC system, which can lead to not enough air circulation in a structure or incorrect temperatures with a structure
- Damage of equipment due to improper electrical design
- Water condensation build up due to poor HVAC design, which can lead to mold
- Improper pipe diameter for plumbing/utility projects

#### What can a CEPC policy cover:

- CEPC protects the insured from claims for loss arising out of acts and errors or omissions committed by the insured during their performance of professional services.
- CEPC also provides environmental liability coverage for contracting operations performed by the insured or on their behalf, transportation of waste or materials to and from a project site or yards, disposal and recycling of waste or materials from their jobs sites or yards, and their owned or leased locations.
- Owner Controlled Insurance Program (OCIP) and Contractor Controlled Insurance Program (CCIP) structures are available

#### Examples of contractors with an exposure:

- HVAC/Mechanical
- Electrical/Plumbing
- Landscaping
- Servicing Water Coolers
- Janitorial
- Excavation/Grading/Paving
- Environmental Contractors
- General Contractors/Construction Managers
- ...any many more

## Claim Scenarios for CEPC: (\* designated costs are in excess of the applicable policy retentions)

### Mold Remediation: \$500,000:

A general contractor was awarded a project to replace drafty windows in an old apartment complex. During the replacement, the contractor did not use the proper flashing to keep water from entering joints between dissimilar building materials. As a result of improper flashing installation, water penetrated the building leading to mold issues. The mold remediation and restoration costs exceeded \$500,000.

### Bodily Injury and Defense \$75,000

A concrete contractor poured a new basement floor as part of a building remodel. The curing agent for the concrete contained the chemical xylene. A tenant, who entered the construction area, became overcome by fumes, fell, and broke an arm. The contractor's General Liability policy denied coverage due to the pollution exclusion. Their environmental liability policy paid \$75,000 in medical and defense costs.

### CEPC Product Specifics:

- Minimum Premium: \$5,000 (\$2,500 for Contractors qualifying for EAS\*)
- Limits: \$15M per occurrence/\$15M aggregate
- Policy Terms: up to a three year term available for practice policies; up to five year term available for project policies

\*\*EAS - Environmental Account Solutions - dedicated unit specifically built to handle small contractors and consultants with revenues of \$25M or less



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