

## MANUFACTURING - PREMISES AND TANK POLLUTION

Owners and operators of manufacturing facilities have an insurance need for meeting obligations for their environmental liabilities. However, pollution provisions are most often not provided under their 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...

- Uses hazardous and non-hazardous raw materials, fuels, lubricants, in operations
- Carries air permits, operates bag houses, or other air pollutant control systems
- Has onsite pre-wastewater treatment including clarifiers, oil-water separators, or vaults
- Operates facilities with trench or drain systems and underground piping or appurtenances
- Generates non-hazardous and hazardous waste from onsite operations
- Loads and unloads their product or goods
- Has above or below storage tanks and connected piping, totes, drums or silos holding raw or waste materials

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

#### Premises Environmental Coverage Product Specifics:

- Limits: Up to \$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
- Policy Term: Annual (meets financial assurance requirements)

### We have developed class specific coverage using our Manufacturing Shield Endorsement, which can include:

- Remediation Expenses for contamination on, at, under, migrating from or through the insured's location
- Third party bodily injury or property damage claims resulting from contamination
- Claims for Indoor Air Quality, such as mold or legionella
- Expenses associated with 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 because of remediation of contamination at the insured's location
- Coverage for Contractors Environmental Coverage because of covered operations at a customer's site
- Associated defense expenses

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

#### PEC Claims Scenarios:

A waste oil tank onsite was overfilled and subsequently spilled. The oil/water separator (designed to accommodate such accidents for containment prior to release to the discharge point) valve was left open. This allowed 2,000-gal of oil to be directly discharged to the adjacent river resulting in natural resource damages. \$300,000 was paid in remediation expenses and \$600,000 was paid in natural resource damages\*

First and Third Party Remediation - \$232,000. During a routine daily inspection, a diesel spill was detected coming from a scheduled aboveground storage tank. The release, caused by the overfilling of the tank, flowed onto an adjacent property, resulting in contamination both on-site and off-site. The contamination was remediated with no additional impacts discovered.\*

#### STEP Claims Scenario:

A release of a caustic substance (caused by a power outage and subsequent shut-down of the air scrubber designed to remove such caustic substances from the emissions of the plant) drifted over to a neighboring vehicle "get ready lot." Car paint and finish was damaged on 800+ cars. Over \$1M was paid in property damage claims (including repainting vehicles and defense expense)\*



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## MANUFACTURING - CONTRACTOR ENVIRONMENTAL AND PROFESSIONAL COVERAGE

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

#### Contractor Environmental and Professional Coverage (CEPC)

Manufacturers also have a potential exposure for Contractor Environmental and Professional Coverage as well. When visiting a client site to either install their product or service after the sale of their product, contractors may unknowingly cause or exacerbate contaminants leading to a contamination event.

#### CEPC Exposures:

- Fumes from sealants, adhesives, and lubricants used in the installation may lead to a pollution condition
- Incorrectly designed system leading to professional or pollution claims
- Damage of equipment due to improper design or installation; including pollution releases.
- Improper selection or installation of pipe diameter for plumbing/utility projects leading to water intrusion, legionella build up or mold

#### 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

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

A contractor provided training on the proper use of equipment that he had installed at a manufacturing facility. A person was injured due to improper training on safety features of the unit. A claim was filed for bodily injury and lost wages in the amount of \$350,000.\*

A refrigeration contractor was hired to upgrade the refrigeration system of a cold storage warehouse. An ammonia leak was caused by the failure of a valve in the system. Seventeen neighbors were hospitalized and business operations were interrupted from the shutdown of the warehouse. The contractor incurred \$1.75M in third party bodily injury, property damage 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

Fast turn around times, personal customer service with knowledgeable underwriter access, and New Business commission payable at 20% in our EAS unit underscores preeminent offerings.



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