



ERMI Environmental Play Book

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YOUR TRUSTED PARTNER & RESOURCE FOR ALL ENVIRONMENTAL INSURANCE!

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ERMI Environmental Playbook Strategy

The ERMI Environmental Play Book brings together more than three decades of environmental insurance experience into one practical, easy-to-use resource. Inside, you'll find competitive environmental intelligence and proven insights that have helped drive hundreds of millions of dollars in environmental insurance sales—so you can better identify exposures, lead stronger conversations, and confidently coach insureds.

From emerging issues like PFAS and natural disasters to high-net-worth risks, glyphosate, and Legionella, environmental exposures touch every account. The ERMI Environmental Play Book connects environmental education with insurance strategy—helping you expand opportunities across your book of business while reducing Errors & Omissions (E&O) risk.

When you coach insureds on how to manage and transfer environmental exposures, you elevate your role from salesperson to strategic partner. Better-informed clients make smarter decisions about pollution insurance—and you gain a shareable, electronic resource that helps clients and prospects understand the real financial impact of pollution events and the value of protection.

We'll also continue sending competitive environmental intelligence you can use in your sales and service strategy. To receive updates, email chris@ermi.us.

In today's market—where experienced environmental underwriters can be harder to access—partnering with a dedicated specialty environmental wholesale team matters more than ever. While some carriers can be approached directly, our experience shows that without day-to-day immersion in the environmental space, it's easy to miss key nuances, deliver a less-than-ideal solution, and inadvertently increase E&O exposure.



TEAMING WITH ENVIRONMENTAL RISK MANAGERS

Experience Matters in a Specialized Market

Environmental insurance is a true niche—technical by nature, with carrier capabilities that change quickly. When you partner with ERM, you gain a team with 100+ years of combined environmental insurance and risk management experience to help you navigate exposures, position coverage, and win with confidence.

Service Built Around Partner Agencies

As an ERM Partner Agency, service is the standard—not an afterthought. We focus on the quality of our agency relationships so we can invest our time, expertise, and resources where they drive the most value—delivering responsive, industry-leading support for you and your clients.

Marketing Strength That Helps You Close

With ERM's broad market access, deep understanding of environmental exposures and coverages, proprietary carrier capability tracking, and fast turnaround, you get the right proposals—when you need them—so you can move faster, present stronger options, and close more business.

Simplify and Strengthen Your Environmental Marketing

Many agencies assume they need multiple wholesalers and direct carrier access to secure the best terms. In practice, that approach often creates fragmented marketing and reduces the odds of achieving the most competitive outcomes. By consolidating your environmental submissions with a single partner wholesaler, you enable that partner to fully leverage market access and product knowledge to negotiate stronger terms and deliver cleaner comparisons. Consolidated marketing also allows you to focus your team and resources on other opportunities, and more profitable lines of business.

Education That Differentiates Your Agency

Our research shows less than 20% of retail agents actively discuss environmental insurance and exposures with their clients—and the #1 reason is a lack of knowledge in this area. Education is the foundation of the ERM model. Through seminars, webinars, podcast, periodic email updates, and

1-on-1 agent coaching, we help your team build confidence, lead better conversations, and stand out from the competition.

Risk Analysis & Coverage Guidance

Fact: All businesses have environmental exposures. Without the right training and education, it's easy to miss—or underestimate—the exposures impacting an insured. We'll help you evaluate operations, pinpoint potential environmental exposures, and deliver practical coverage and risk management recommendations.

Marketing Tools & Sales Support—Included

- Environmental Risk Assessments (eRA) for 60+ classes of business (ERM marketing strategy: prospect for new business 90-days after renewal)
- Client exposure & coverage analysis
- Insurance requirement reviews
- Coverage & premium indications
- Agent / client conference calls

Results You Can Build On

By partnering with ERM—and leveraging our proven sales strategies and educational resources—your agency **WILL** deliver a higher level of service, better protect your E&O, and increase sales.

Validation

Recognized by agencies nationwide, ERM was named a 5-star wholesaler and a finalist for Insurance Business Magazine's 2017 "Top Specialty Broker" of the Year award.





Environmental Risk Managers’ Proven Process to Sell Environmental Insurance

Fact: Every commercial insured has environmental exposures—and environmental insurance is a financial assurance strategy that can reduce or eliminate the negative impact of uncertain future environmental liabilities.

Step #1: Educate

Education is the solution to pollution—not dilution. If an insurance professional isn’t environmentally educated, they won’t confidently identify exposures or initiate the right coverage conversation. And if an insured isn’t environmentally educated, they won’t understand the value pollution liability insurance provides—so why would they invest? ERMI’s educational resources help insureds focus on the most relevant risks, evaluate potential outcomes, and make informed decisions about their environmental financial assurance strategy—including whether pollution insurance adds measurable value. www.ermi.us or www.estrategist.com for additional environmental educational resources.

Step #2: Define Environmental Risk Tolerance

Environmental Risk Tolerance is the amount of environmental risk an insured can fiscally absorb. What liabilities are acceptable—and unacceptable—such as defense costs, environmental investigations, cleanup, third-party bodily injury, third-party property damage, third-party business income, reputational risk, and first-party business income? Because every insured is impacted by environmental exposures, “Best Practices” requires a financial assurance strategy that aligns with their tolerance.

Step #3: Clarify Risk Appetite

Risk Appetite is how much environmental risk an insured chooses to retain (self-insure) based on their risk/return goals and objectives. Environmental liabilities tend to be severity-driven—not frequency-driven—so understanding risk appetite helps guide smarter resource allocation and coverage decisions.

Step #4: Merge Competitive Environmental Intelligence from Steps 1, 2 & 3

To answer the question: “As part of the insured’s environmental financial assurance strategy, does it make fiscal sense to transfer environmental exposures for fractions of a cent on the dollar—or wait until an uncertain environmental liability occurs and spend 100 cents on the dollar out of pocket for legal defense, investigations, cleanup, third-party bodily injury, third-party property damage, third-party business income, reputational risk...?”

Step #5: Complete the Environmental Risk Managers Insurance Application

If you answered “Yes” to transferring the insured’s environmental exposures, complete the Environmental Risk Managers insurance application and send the submission to your Environmental Risk Managers team member.

Step #6: Educate, Review, Compare & Close

Once Environmental Risk Managers’ marketing effort is complete, the final step is helping the insured clearly understand the benefits, coverages, and differences across proposals—so they can choose the best option with confidence. Often, a conference call with the agent, insured, and your ERMI team member helps accelerate understanding, remove friction, and get deals closed. [It’s not about market access, it’s about customer service and writing business effectively, and ERMI has pioneered the process.](#)

ERMI, YOUR TRUSTED PARTNER & RESOURCE FOR ALL THINGS ENVIRONMENTAL INSURANCE!



ERMI AI

Environmental Risk Managers continues to raise the bar in environmental insurance education and wholesale support with ERMI AI.

ERMI AI helps both seasoned producers and newer agents quickly get up to speed on environmental exposures—so you can ask better questions, deliver clearer guidance, and serve clients with confidence. Because success in environmental insurance isn’t about “selling”—it’s about educating, so an environmentally educated insured can decide whether pollution insurance adds real value to their business.

Get started in seconds: go to www.ermi.us, click “ERMI AI,” and begin building your environmental knowledge—and your insureds’ understanding—of exposures and environmental financial assurance. Create custom environmental risk assessments, explore PFAS and other emerging issues, and bring more structure to your client conversations. Today, “Best in Class” businesses incorporate environmental financial assurance as part of their business model.

Try these prompts in ERMI AI:

- What is a pollutant?
- Who needs pollution insurance?
- What type of pollution insurance should a winery consider?
- What type of environmental exposures impact high-net-worth insureds? Provide some environmental loss examples for high-net-worth insureds.
- What is contractors pollution liability insurance?

- What does transportation pollution liability cover?
- Tell me about environmental exposures impacting auto dealers. Provide some pollution loss examples for auto dealers.
- What type of environmental exposures impact street and road builders?
- Tell me about Legionella and provide some loss examples for Legionella liability.
- Provide some loss examples for storm water runoff.
- Tell me about environmental financial assurance.

ERMI AI gives agents practical, on-demand guidance to navigate complex environmental issues—helping you strengthen client conversations, uncover opportunities across your book, and grow sales while reducing the agency’s E&O exposure.



ENVIRONMENTAL RISK ASSESSMENTS (eRA)

Environmental Risk Assessments (eRAs) are powerful sales and education tools that help you align with insureds around the environmental exposures affecting their operations. Covering 60+ classes of business, each eRA delivers a clear, relevant overview of key risks—making it easier for insureds to understand the need for pollution protection.

Because eRAs are delivered in an editable Word format, you can quickly tailor them to each insured and seamlessly incorporate them into proposals, presentations, and outreach. The result is a more polished, customized message that saves time while elevating your agency’s professionalism.

Used strategically, eRAs help turn complex environmental exposures into real-world financial considerations. That makes it easier for insureds to evaluate the potential cost of a pollution event, recognize the value of coverage, and move forward with greater confidence.

Bottom line: eRAs help educate, create urgency, and open the door to more meaningful environmental insurance conversations—leading to stronger client engagement and more written business.

Each eRA is built around four easy-to-follow sections:

- A targeted review of environmental exposures affecting the insured
- Real-world environmental claim scenarios
- Often-overlooked advantages of Environmental Liability Insurance
- A concise summary of coverages the insured should consider

The goal is simple: help insureds make informed decisions while positioning you as the trusted advisor who brings clarity, strategy, and value to an often-overlooked exposure.



Environmental Risk Assessment (eRA) Manufacturers

What is a Pollutant?

Any material, substance, liquid, product, etc... which is introduced into an environment for other than its intended use / purpose. In other words, something that ends up where it does not belong. Fresh water, cheese, and milk have all been classified as pollutants by Insurance Carriers under various circumstances.

Most commercial insureds assume that claims arising from their operations are covered by the general liability policy. However, claims resulting from a “pollution incident” are excluded from most general liability policies, which leaves commercial insureds with gaps in coverage. What pollutants are impacting your business?

Environmental Exposures Impacting Manufacturers

Include, but are not limited to: PFAS Chemicals, Air emissions from painting and plating lines, ovens, boilers, reactors, (types of emissions include: carbon dioxide, nitrous oxides, sulfur dioxide, mercury, particulate (heavy metals and dusts), VOC (volatile organic compounds); Spills from underground and/or aboveground storage tanks; No secondary containment for aboveground storage tanks; Leaks from elevator hydraulic fluid storage tanks; Waste storage/handling practices; Hazardous waste materials (i.e. drums of spent solvents, acids, caustics, paint, heavy metal particulate and dust from baghouses and electrostatic precipitators); sludges from water treatment operations; Raw materials stored and utilized in large quantities (i.e. acids, bases, compressed gases including cyanide and hydrogen chloride, diesel fuel and lubricant oils, flammable paints and solvents); Wastewaters generated from contact and non-contact cooling water; Plating lines; Drum cleaning; Products cleaning and chemical treatments (wastewaters generally contain heavy metals, oil, grease and organic compounds); Uncontained floor drains around the plant; Unknown abandoned underground storage tanks; In-ground sumps and pits; Unsealed truck ramps; Old and/or unknown landfills and lagoons; Uncertainties about the historical use and conditions of property; Electroplating baths and sludge; Paint sludge; Inadequate or no auditing of hazardous and non-hazardous waste handlers, transporter and disposal companies; Obsolete and remote equipment storage (bone) yards where contaminants percolate into the soil/groundwater; Improperly maintained paint booth filters; Nuisance odors; Adverse reactions and interactions of chemical compounds that accidentally commingle during a fire; Refrigeration systems; No emergency response training for employees; Halon releases from fire suppression equipment; Old septic systems; Spills and leaks from the storage and handling (loading/unloading) of material containers such as drums, totes or bags from vehicles and/or rail cars....; Utilities that cross manufacturers property; Corroded wastewater and storm water sewers; Improper characterization of hazardous waste; Non-compliance with SARA Title III/Community Right-to-Know reporting requirements; Natural resource damages; Asbestos or lead containing materials; Silica; mold, vapor intrusion....

Environmental Claim Scenarios

1. An auto parts manufacturer had been removing oil and grease from their products prior to painting them. The metal goods were passed through a vapor bath of trichloroethylene (TCE), a common solvent. During an environmental assessment it was determined the groundwater surrounding the plant contained significant concentrations of TCE and other solvents. The cleanup of the site was estimated to exceed \$900,000.
2. During the night, an unknown party illegally placed drums of hazardous waste into a dumpster behind a manufacturer's facility. The containers were not leaking, but the cost to properly dispose of the illegally dumped waste cost the manufacturer roughly \$50,000.
3. While moving a large metal coil, a forklift operator hit a hydrofluoric acid aboveground storage tank releasing dangerous fumes into the neighboring community. Area residents and businesses were evacuated, and several people were treated at the local hospital for fume inhalation. Claims for bodily injury and business interruption topped \$100,000.
4. A manufacturer began expansion of the production line area. During excavation, oily soils with a petroleum odor were discovered. Further investigation uncovered an old, undocumented sludge-drying pit, which the previous owner used back in the 1940's. The manufacturer had to remove and remediate the soil at his expense. Cleanup costs exceeded \$400,000.
5. A manufacturer stored bag house dust containing heavy metals in an uncovered dumpster behind the facility. Whenever it rained, storm water mixed with the dust, forming a slurry, which ran off-site. Soil testing of a nearby stream bank showed high levels of lead, cadmium, and mercury. The contaminant source was determined to be dumpster run-off. The manufacturer was responsible for cleanup costs and natural resource damages exceeding \$250,000.
6. A manufacturer operated a machine, which was used to cut sheet metal. A portion of the machine was located beneath the floor. For more than 20 years, lubricating oil from the machines moving parts was released into the surrounding soils. When a nearby homeowner's down gradient well used for potable water was tested, it contained total petroleum hydrocarbons. After further investigation, it was found the manufacturer's property was the source of the pollutant. Total cost of remediation and 3rd party bodily injury claims exceeded \$5,000,000.
7. A manufacturer stored incorrectly labeled drums of raw materials used for the manufacture of dry-cleaning products. One day neighbors noticed a thick, whitish-yellow vapor cloud emanating from the vicinity of the drums. The fire department was called and after reading the labels on the drums, they began to spray them with water. This caused an explosion, followed by a thick smoke cloud of sulfur dioxide. Forty plaintiffs filed three lawsuits to recover damages for injuries suffered from exposure to the sulfur dioxide cloud. Damages topped \$3 million.
8. Concrete trenches were used to transport plating line wastes to the on-site wastewater treatment system. The high acidity of the wastewater degraded the trenches that allowed the wastewater to seep into surrounding soils. Subsequently the soil and ground water were contaminated with heavy metals and solvents used in the plating process. Testing in a nearby stream revealed that fish had high concentrations of metals in their systems because of the contamination. Because fishing was prohibited a local environmental group submitted a class action suit against the platter for loss of enjoyment of the stream. The group also submitted perceived bodily injury claims for ingestion of the contaminated fish. Total claims exceeded \$3.2 million.
9. A manufacturer hired a waste hauler to transport their waste materials to a 3rd party disposal site. During transportation the hauler got into an accident, causing the truck to overturn and spill its load into a nearby

stream. Under CERCLA, the commercial insured must contribute for their apportionment of the load for cleanup cost since federal law states that you own your waste from cradle to grave. The cost to settle the claim for the insured was \$700,000.

10. An Auto parts manufacturer was sued when contamination was discovered in the drinking water at a new residential development. After further investigation, it was determined that the discovered pollutants were not used as part of the manufacturer's process, nor was the manufacturer's property the source of the contamination. The manufacturer was eventually released from the lawsuit. However, they had already spent over \$200,000 in legal defense costs.
11. A manufacturing company performed routine drum washing operation. Over time, solvent laced wash migrated through cracks in the concrete and into the subsurface soils and groundwater. The plume of solvents traveled off site and contaminated a nearby municipal water supply well. Costly remedial technology had to be implemented to provide drinking water. The municipality filed suit against the manufacturing company for cleanup costs and property damage.

Overlooked Benefits of Environmental Liability Insurance

Unlike most liability exposures impacting manufacturers, pollution losses are not a frequency risk, but rather a severity risk. Since every manufacturer is impacted by environmental liabilities, consideration needs to be given to the economies of scale afforded with environmental liability insurance as part of your risk transfer strategy, versus self-insurance.

Three Overlooked benefits of environmental liability insurance:

1. **Defense Costs:** Environmental liabilities are relatively new and very litigious. Even if you do nothing wrong you can still get named in a suit and must expense defense costs i.e., legal fees, environmental investigations, etc.
2. **Claim Management:** All policies come with specialists to assist you in managing a claim. Who oversees communications, public relations, emergency response, government compliance, financial management, third party claims for bodily injury, property damage, natural resource damages....?
3. **Third Party Liability:** The majority of the time the cost to clean up the environmental problem/s is far less than the associated claims that come in from third parties for bodily injury, property damage and business interruption. You need to look at your client's and neighbors that can be impacted if you or a sub-contractor/vendor cause an environmental loss.

Environmental Liability Insurance Products

Environmental Impairment Liability (EIL)

EIL is for manufacturers susceptible to economic loss caused by pollution that actually or allegedly originated from their operations. Sometimes referred to as pollution legal liability, this coverage is for those who own, operate, lease, or have any other insurable interest in real property and the operations. Coverage can be written in a variety of ways addressing unknown preexisting conditions or new conditions. Coverage can include third party bodily injury and property damage along with business interruption and extra expenses, on and off site clean-up costs, legal defense expenses, non-owned disposal sites, transportation and more. EIL can be offered on multi-year terms. Sewer lines and pump/lift stations can be covered by EIL. Most EIL policies cover above ground storage tanks.

Property Transfer Coverage

When buying or selling property there can be unknown preexisting environmental conditions. Since a Phase I, Phase II, All Appropriate Inquiry (AAI) survey cannot guarantee uncovering all potential environmental liabilities, insurance companies have created property transfer insurance. This coverage protects the new owner or any party with an insurable interest, against unknown environmental conditions that may be discovered during the policy period, that were not caused by the new owner.

This coverage not only helps to keep the property at its maximum value, but it will also assist the purchaser in being able to secure the necessary financing to complete their transaction. Property buyers have negotiated lower interest rates by blending property transfer coverage with their mortgage.

Contractors Pollution Liability (CPL)

CPL Coverage protects the insured from pollution conditions they may cause or exacerbate while performing work at a 3rd party location. This is for covered operations performed by or on behalf of the insured. For manufacturers, CPL would cover any work they perform for their customers at their customer's location, such as servicing, installation, and monitoring.

Transportation Pollution Liability (TPL)

Generally, Commercial Auto policies will exclude pollution losses arising from spills or other releases of their cargo. Broadened Transportation Pollution Liability affords coverage during the loading, unloading and transportation, for a spill, release or sudden upset and overturn of transported cargo.

Products Pollution Liability

Products Pollution Liability is for manufacturers that make and/or distribute a product that if faulty could cause a pollution incident. This coverage can be written on a stand-alone policy or included on an environmental impairment liability policy. For Environmental Insurance markets to consider offering this coverage, they typically prefer products intended for commercial use, as opposed to mass distribution to the public.

Underground Storage Tanks

Financial responsibility requirements ensure that owners and operators of underground storage tank systems can financially handle a release from an underground storage tank. The responsibility encompasses the ability to pay funds for corrective action and third-party bodily injury and property damage from non-sudden and sudden and accidental releases from a regulated underground system.



eNVIRONMENTAL RISK ASSESSMENT (eRA) Commercial Contractors

What is a Pollutant?

Any material, substance, liquid, product, etc.... which is introduced into an environment for other than its intended use / purpose. Fresh water, cheese, and milk have all been classified as pollutants by Insurance Carriers under various circumstances.

Many non-environmental contractors assume that claims arising from operations are covered by the general liability policy. However, claims resulting from a “pollution incident” are excluded from most general liability policies, which leaves many of these contractors exposed to potentially uncovered claims. What pollutants are impacting your business?

Environmental Exposures Impacting Commercial Contractors

Include, but are not limited to: release of oils/fuels from equipment as a result of vandalism; spills from mobile storage tanks; Leaks from elevator hydraulic fluid storage tanks; excavating through and spreading of unknown preexisting contaminated soil; storm water runoff; lead; asbestos; ground water contamination; underground utilities; puncturing unknown underground storage tanks, barrels or other illegally disposed pollutants; silica; over spray of fertilizers, herbicides; no auditing of waste handling and disposal companies; air emissions from batch plants; mold; unknowingly using contaminated soil as fill; natural resource damages; vapor intrusion; waste waters and chemicals generated from cleaning equipment; Vapor intrusion....

Environmental Loss Examples

1. An excavation/grading contractor unknowingly spread petroleum-contaminated soil across a project site during fill operations for a commercial office building. The contractor was named in a lawsuit for exacerbating the extent of contamination. After lengthy deliberations, the contractor was eventually removed from the lawsuit. However, they incurred \$90,000 in defense costs.
2. A utility contractor had to pay cleanup costs and business interruption expenses in excess of \$500,000 when they ruptured and unmarked petroleum pipeline.
3. During window installation, a commercial contractor failed to properly seal one of the exterior windows on a mixed-use commercial/residential building. The contractor did not notice the faulty seal, and a substantial amount of mold grew between the walls before anyone noticed. The contractor was held liable for the clean-up of the mold, defense of 3rd party bodily injury, as well as 3rd party business interruption expenses. Total cost of the loss exceeded \$1,000,000.
4. A subcontractor working for a street/road contractor performed sandblasting on a bridge. The bridge was located near a residential area. Lead containing paint chips and dust from the sandblasting became airborne

and migrated onto residential properties requiring cleanup. The residents filed property damage claims against the contractor for the dust generated by the subcontractor. Claims totaled \$400,000.

5. A general construction company was sued when mold was discovered in a commercial building constructed by the contractor and its subs. The general contractor was ordered by a court of law to pay mold remediation costs in excess of \$600,000 and the contractor had legal fees of \$250,000.
6. An asphalt paving contractor paved a parking lot for a new commercial structure. At the end of the day, the tack coat was sprayed onto the sub-base prior to paving. During the evening, a major thunderstorm caused the tack coat to wash off and flow into a nearby stream. The contractor was responsible for cleanup costs, which exceeded \$200,000.
7. An industrial contractor dropped a piece of heavy equipment from a crane onto a pipe leading to a hydrofluoric acid tank. Acid was emitted creating a vast vapor cloud. Approximately 3,000 residents were evacuated and 1,000 were treated for respiratory injuries. The court entered judgment holding the contractor responsible for bodily injury, business interruption, property damage and remediation costs in excess of \$10,000,000.
8. A contractor was reconditioning a tile floor in a property undergoing extensive renovations. The workers inhaled toxic vapors from the sealants used in the reconditioning process. Several subcontracted workers in the building filed bodily injury claims totaling \$75,000 against the contractor.
9. An interior contractor was hanging new drywall at a property when an employee accidentally drilled through a small water pipe located behind the wall. The contractor did not realize the leak occurred and a substantial amount of mold grew between the walls. The contractor was held liable for the clean-up of the mold, as well as defense of 3rd party bodily injury claims. The total cost of the loss exceeded \$50,000.
10. While working on a historical property, a contractor used a hole saw to cut through a ceiling. Unknown to the contractor, the saw inadvertently disturbed and released asbestos-containing insulation material. The contractor had to pay cleanup costs for the asbestos fibers released throughout the building, costing in excess of \$30,000.
11. A **general contractor** was responsible for overseeing the renovation of a hospital wing. When two patients died in the intensive care unit adjacent to the construction zone, the contractor was sued for inadequate monitoring and containment of the construction zone. The patients' cause of death was determined to be an organic fungus found in the ventilation system and traced back to dusts generated during demolition activities in the construction zone. The contractor apparently misinterpreted construction drawings about the connection of the duct system for the renovation zone and the intensive care unit. The general contractor was responsible for \$10 million in damages.
12. A **general contractor** installed new carpeting in an office building. One week after the installation, the owner of the office building informed the contractor that employees were complaining of headaches and dizziness. The contractor could not prove that the manufacturers of the carpet or the carpet adhesive were responsible. The contractor filed a claim with their general liability carrier. The claim was denied because the contractor brought the hazardous materials, such as formaldehyde and volatile organic compounds, onto the site.

Benefits of Environmental Liability Insurance

Commercial contractors generally lack the financial strength to self-insure their environmental liabilities. Since every commercial contractor is impacted by environmental liabilities consideration needs to be given to the economies of scale afforded with environmental liability insurance as part of your risk transfer strategy versus self-insurance.

The **Three Main Benefits** environmental liability insurance offers:

1. **Defense Costs:** Environmental liabilities are relatively new and very litigious. Even if you do nothing wrong you can still get named in a suit and must expense defense costs i.e., legal fees, environmental investigations, etc.
2. **Claim Management:** All policies come with specialists to assist you in handling a claim. Who oversees communications, public relations, emergency response, government compliance, financial management, third party claims for bodily injury, property damage, natural resource damages....?
3. **Third Party Liability:** The majority of the time the cost to clean up the environmental problem/s is far less than the associated claims that come in from third parties for bodily injury, property damage and business interruption. You need to look at your client's and neighbors that can be impacted if you or a sub-contractor/vendor cause an environmental loss.

Environmental Liability Insurance Coverages

Contractors Pollution Liability (CPL)

Contractors Pollution Liability (CPL) insurance protects the insured should they cause or exacerbate an environmental condition while performing their contractor services. CPL protects the insured for covered operations performed by or on behalf of the insured, while operating away from any premises they own, rent, lease, or occupy.

CPL can be offered on a claims made or occurrence basis. Coverage can be written on a job specific basis, or on a blanket basis to cover all the work performed by the insured. Most policies can be endorsed to cover transportation pollution liability, mold, lead, and asbestos, defense outside the limits, off-site disposal coverage, and more. Contractors incorporating CPL coverage as part of their risk transfer strategy drive their growth and profits by marketing the benefits CPL coverage affords in reducing job interruption due to environmental issues. A major environmental liability exposure faced by all contractors lies in who they are doing business with. If there is an environmental loss at a job site, innocent contractors can and do get named in lawsuits. Do your subs/vendors have CPL insurance if they cause an environmental loss?

Environmental Impairment Liability (EIL)

EIL is for contractors that own, rent, lease, operate or have any other insurable interest in real property (a fixed site facility such as a shop, batch plants, cement manufacturing/mixing plant....) that can be susceptible to pollution liabilities that actually or allegedly originated from the insured property.

Coverage can include pre-existing unknown pollution, new pollution conditions, first party on-site clean up, third party bodily injury, property damage, business interruption and extra expense, off site cleanup costs, legal defense expenses, transportation pollution liability, offsite disposal coverage.... Multi-year-term policies can be negotiated.

Transportation Pollution Liability

Generally, Business Auto or Truckers policies will exclude pollution losses arising from spills or other releases of transported cargo. Transportation pollution liability affords coverage during the loading, unloading and transportation, for a spill, release or sudden upset and overturn of transported cargo.

Underground Storage Tanks

Financial responsibility requirements ensure that owners and operators of underground storage tank systems can financially handle a release from an underground storage tank. The responsibility encompasses the ability to pay funds for corrective action and third-party bodily injury and property damage from non-sudden and sudden and accidental releases from a regulated underground tank system.

Property Transfer Liability

When buying or selling property there can be unknown preexisting environmental conditions. Since a Phase I or Phase II survey cannot guarantee uncovering all potential environmental liabilities, insurance companies have created property transfer insurance. This coverage protects the new owner or any party with an insurable interest, against unknown environmental conditions that may be discovered during the policy period, that were not caused by the new owner.

Property transfer coverage assists to keep the property at its maximum value while allowing the insured to negotiate more favorable loan terms than property not supported by this coverage.



eNVIronMENTAL RiSk ASSESSMENT (eRA)

Commercial Farming

What is a Pollutant?

Any material, substance, liquid, product, etc.... which is introduced into an environment for other than its intended use / purpose. Fresh water, cheese, and milk have all been classified as pollutants by Insurance Carriers under various circumstances.

Commercial farmers should be aware that pollutants (such as pesticides, herbicides, fertilizer, etc.) are excluded from coverage on most GL policies. And GL policies that do provide pollution coverage typically do so on a limited basis, with inadequate limits and/or strict discovery and reporting requirements for there to be coverage. In the event of a pollution loss at one of your properties, does your insurance provide adequate coverage?

Environmental Exposures Impacting Commercial Farmers

Include, but are not limited to; Storage, use and disposal of fertilizers, pesticides, and herbicides; animal waste management; disposal of liquid wastes in septic or leach systems; storage of fuels, antifreeze, oil and hydraulic fluids; leaking above and/or underground storage tanks; air emissions from chemical applications and animal waste; storm water runoff; vapor intrusion; spills from loading and unloading of farm equipment and supplies; faulty refrigeration units; overuse of irrigation; on-site disposal of trash, garbage and other waste materials; old equipment storage yards; on-site compost piles, wastewater lagoons or injection wells; historical contamination; natural resource damages; old or abandoned wells not properly closed allowing contamination into the soil and

ground water; improper management of protected or sensitive areas like wetlands; vandalism; easements on the property (rail/roadways, pipelines, power lines, waterways) with potential environmental implications; uncontained floor drains; in-ground sumps and pits; inadequate or no auditing of hazardous and non-hazardous waste handlers; spills and air emissions from emergency power generator systems; adverse reactions and interactions of chemical compounds that accidentally commingle during a fire; Siltation of nearby streams from improper erosion control management; Silica and more...

Environmental Claim Scenarios

1. During an unusually heavy rainstorm, the wall of a farm's on-site lagoon used to treat pig wastes collapsed. More than 150,000 gallons of fecal waste flowed offsite, onto neighbouring properties and into a river. Waste clean-up costs exceeded \$350,000, while third party damage claims exceeded \$75,000.
2. Sudden wind gusts picked up while a farmer was applying concentrated glyphosate to one of his fields. The wind carried the glyphosate onto a neighboring property, killing a large portion of their NON-Roundup Ready "organic" crop. Claims for 3rd party damages were in excess of \$75,000.
3. A commercial farm regularly worked on equipment in one of their barns, which had a graded floor and drain. The drain was connected to a storm sewer drain that led directly to a nearby stream. A fish kill occurred because of high biological oxygen demand in the stream. A local environmental group filed suit for loss of the stream under the Clean Water Act (CWA). The farm spent \$750,000 remediating the problem.
4. A farmer was using treated wastewater as a fertilizer in a land application process. He did not comply with permitting regulations, nor did he have the wastewater tested prior to application. After several months of application, heavy metals and high counts of e-coli were found in the soil. The farmer was required to pay remediation costs in excess of \$265,000.
5. Over a period of several years, storm water runoff flowed downgrade over a farmer's outdoor storage area and into a nearby stream and lake. Due to excessive algae and bacteria in the lake, residents and businesses filed claims that exceeded \$2,000,000 for property damage, loss of enjoyment, and perceived bodily injury.
6. While transporting a large quantity of fertilizer to one of their crop fields, a farmer got into an accident, causing the load to spill from the truck into a nearby stream. Costs for investigation, remediation, and natural resource damages were in excess of \$150,000.
7. A property owner had his drinking water well tested prior to selling his land. Testing revealed that the well contained an alarmingly high concentration of total petroleum hydrocarbons, further investigation revealed that the source of the contamination were several dozen drums of waste oil and maintenance fluids buried on a neighboring farm. Though the drums were buried by the previous farm owner, the current owner was nevertheless responsible for disposal of the drums, soil and groundwater cleanup, and bodily injury and property damage claims submitted by the neighboring property owner. Total cost exceeded \$1,000,000.
8. The concrete secondary containment of a 10,000-gallon diesel aboveground storage tank was cracked. A release from the tank spilled 8,000 gallons into the containment. The diesel seeped into the underlying soils and required costly excavation and removal. Total cost for investigation & remediation exceeded \$320,000.
9. Over the weekend vandals climbed the fence at a chemical / fertilizer distribution facility. Besides breaking a few windows; they also damaged a valve on a 10,000-gallon tank of chemicals. The damaged valve leaked until Monday morning when it was discovered by facility employees. While most of the contents of the tank just needed to be removed and disposed of from the containment area, local environmental officials required subsurface testing of soil and groundwater so that total costs reached \$90,000.

Overlooked Benefits of Environmental Liability Insurance

Unlike most liability exposures impacting commercial farmers, pollution losses are not a frequency risk, but rather a severity risk. Because all commercial farmers face notable environmental exposures, consideration needs to be given to the economies of scale afforded with Environmental Liability Insurance as part of your risk transfer strategy, versus self-insurance.

Furthermore, most commercial insureds only consider the remediation costs associated with a pollution event. However, often times the clean-up costs are far less than other costs that can arise from the loss.

Three Overlooked Benefits of Environmental Liability Insurance:

1. **Defense Costs:** Environmental liabilities are relatively new and very litigious. Even if you do nothing wrong you can still get named in a suit and have to expense defense costs i.e. legal fees, environmental investigations, etc.
2. **Claim Management:** All policies come with specialists to assist you in handling a claim. Who oversees communications, public relations, emergency response, government compliance, financial management, third party claims for bodily injury, property damage, natural resource damages....?
3. **Third Party Liability:** The majority of the time the cost to clean up the environmental problem/s is far less than the associated claims that come in from third parties for bodily injury, property damage and business interruption. You need to look at your client's and neighbors that can be impacted if you or a sub-contractor/vendor cause an environmental loss.

Environmental Liability Insurance Products

Environmental Impairment Liability (EIL)

EIL is for agricultural operations susceptible to economic loss caused by pollution that actually or allegedly originated from their properties. Sometimes referred to as pollution legal liability, this coverage is for those who own, operate, lease, or have any other insurable interest in real property and/or the operations. Coverage can be written in a variety of ways addressing unknown preexisting conditions or new conditions. Coverage can include third party bodily injury and property damage along with business interruption and extra expenses, on and off site clean-up costs, legal defense expenses, non-owned disposal sites, transportation and more. EIL can be offered on multiyear terms. Most EIL policies cover above ground storage tanks. You can cover multiple locations on a single policy.

Property Transfer Coverage

Note: *This coverage is designed for buyers or sellers of real properties.*

When buying or selling property there can be unknown preexisting environmental conditions. Since environmental due diligence (All Appropriate Inquiry (AAI), a Phase I or Phase II survey, Baseline Environmental Assessment (BEA)...), cannot guarantee uncovering all potential environmental liabilities, insurance companies have created property transfer insurance. This coverage protects the new owner or any party with an insurable interest, against unknown environmental conditions that may be discovered during the policy period, that were not caused by the new owner.

This coverage not only helps to keep the property at its maximum value, but it will also assist the purchaser in being able to secure the necessary financing to complete their transaction. You can cover multiple locations on a single policy.

Transportation Pollution Liability (TPL)

Generally, Commercial Auto policies will exclude pollution losses arising from spills or other releases of their cargo. Broadened Transportation Pollution Liability affords coverage during the loading, unloading and transportation, for a spill, release or sudden upset and overturn of transported cargo.

Contractors Pollution Liability (CPL)

Note: *Agricultural operations have potential pollution exposures from the vendors they hire to perform services. Should your vendors cause a pollution problem or exacerbate an existing environmental issue their general liability insurance policy typically will have either an absolute or total pollution exclusion. To be protected you should make sure your vendors have this insurance coverage before they begin doing work.*

CPL coverage can be purchased to meet two specific exposures. First, contractors that perform remedial activities (asbestos, lead, mold, soil, or ground water remediation) there is the standard contractor's pollution liability (CPL) insurance coverage. This protects the insured from pollution conditions they may cause or exacerbate while performing remedial services. This is for covered operations performed by or on behalf of the insured. The loss must occur away from any premises the insured owns, rents, leases, or occupies, in other words while they are performing remedial services in the field.

Secondly, standard contractors (i.e., general contractors, HVAC, plumbing, electrical, mechanical, janitorial, demolition, drilling, excavation, highway, street and paving contractors, rigging, utility, millwrights, artisan, etc.), agricultural harvesting/handling vendors, co-op services, in performing their operations may cause an environmental liability that is generally excluded from their general liability coverage. For these contractors there is contingent contractor's pollution liability (CCPL) coverage. Basically, they are afforded the same coverage as remedial contractors but the cost to purchase this insurance is substantially less.



environmental Risk Assessment (eRA)

Real Estate Owners & Developers

What is a Pollutant?

Any material, substance, liquid, product, etc.... which is introduced into an environment for other than its intended use / purpose. Fresh water, cheese, and milk have all been classified as pollutants by Insurance Carriers under various circumstances. What pollutants are impacting your operation?

Environmental Exposures Impacting Real Estate Owners and Developers

May include, but are not limited to; Pollution from neighboring properties migrating onto yours, i.e. PFAS, Glyphosate, petroleum...; Legionella / mold; Storm water runoff; Environmental cleanup and associated liabilities created after a fire is put out; Vapor Intrusion; Historical contamination from agriculture, mining, lagoons, landfills, manufacturing, scrap yards...; Natural resource damages; Easements that cross the property which may leak or spill hazardous materials; Leaks from elevator hydraulic fluid storage tanks; Impacting sensitive areas such as wetlands or endangered species; Corroded wastewater and storm water sewers;

Excavation through and spreading of unknown preexisting contaminated soil; Impacting groundwater from drilling and excavation work (i.e. cross contamination of aquifers, etc.); Old and/or unknown leaking underground storage tanks; Impacting underground utilities during construction; Collapse and/or explosion during and after construction; No auditing of waste handling and disposal companies; Tenants using or storing environmentally sensitive materials, chemicals, waste....; Spill of oils/fuels/chemicals brought onsite; Vandalism; Sick building syndrome; Asbestos; Lead; loading and unloading products/materials from trucks, rail road, barges, aircraft over unsealed ground; Past/present use of septic systems; Above ground or underground storage tanks; Adverse reactions and interactions of chemical compounds that accidentally commingle during a fire; Wastewaters generated from human septage; Janitorial cleaning compounds; No emergency and spill control plans; nuisance odors; Illegal dumping or burial of hazardous materials; Illicit abandonment; Brownfields....

Environmental Loss Examples

1. A warehouse housing a variety of materials caught on fire. Hazardous materials caught on fire allowing vapors to impact neighbors and contaminated the ground and ground water. Residents filed suits for bodily injury from inhalation of toxic vapors, cost for citizens suits and remediation exceeded \$500,000.
2. A real estate developer placed a new building on the site of a former parking lot. During excavation, petroleum hydrocarbon contamination was discovered. Cleanup costs exceeded \$700,000.
3. A real estate investment trust (REIT) owned several parcels of vacant land in a remote area. When the owner and contractor visited the site to begin construction, they discovered that several piles of unidentified waste had been illegally dumped on the property. The owner had the piles tested, at a cost of several thousand dollars. The piles were determined to contain hazardous waste, and the owner's cost to dispose of it exceeded \$250,000.
4. A real estate limited partnership acquired property previously used for farming on which they planned to build a mall. The firm hired a consultant to conduct a Phase I Environmental Assessment. The property was determined to be "clean." However, when excavation for the mall began, 100 drums of buried pesticides and herbicides were unearthed. The chemicals contaminated the soil and had to be removed at the firm's expense. Remediation and drum disposal costs exceeded \$750,000
5. An environmental consultant performed a phase I site assessment at a site that had been previously used for industrial purposes. The consultant submitted a report saying that negligible contamination had been found. The property was subsequently sold. During excavation an unregistered underground storage tank was discovered on the site that had been leaking. The property developer sued the consultant for \$1.2 million for remediation expenses, lost profits, and diminution in value.
6. An excavation/grading contractor unknowingly spread petroleum-contaminated soil across a project site during fill operations. The contractor and property owner were named in a lawsuit for exacerbating the extent of contamination. After lengthy deliberations, the contractor and property owner were eventually removed from the lawsuit, however, they had invested \$250,000 in defense.
7. An excavation contractor was subject to cleanup costs and business interruption expenses in excess of \$500,000 when they ruptured and unmarked petroleum pipeline. The contractor was forced out of business, so the property owner had to pay the bill.
8. While clearing a construction site for a new shopping mall, the building contractor followed routine procedure by hauling construction debris to a local landfill. Later, when neighbors close to the landfill complained about a strange odor, it was discovered that the debris contained hazardous materials. The municipality sued the developer for clean-up costs, which the court awarded in the amount of \$1.2 million.

9. While excavating a foundation, an unknown underground storage tank containing oil was ruptured. Hundreds of gallons poured out before the rupture was closed. The entire street and neighborhood lots were covered. Settlement costs paid by the developer to cover third-party claims for bodily injury, property damage and clean-up totaled \$5 million.
10. A real estate developer completed a subdivision. Shortly after completion, small sinkholes began to appear in the development, soon giving up all kinds of debris. Residents feared the debris could extend underneath some of the homes. Homeowners filed a lawsuit against the contractor/developer. Because the contractor could not identify the owner of the debris, they were forced to clean it up at a cost exceeding \$1 million.
11. A HVAC contractor was hired to upgrade an office buildings heating system. While working in the building, the contractor failed to vent the system properly, causing a release of carbon monoxide. Building occupants complaining of headaches and nausea were rushed to the local hospital. As a result, several bodily injury suits were filed against the building owner in excess of \$1,000,000.
12. The concrete secondary containment of a 10,000-gallon diesel aboveground storage tank was cracked. A release from the tank spilled 8,000 gallons into the containment. The diesel seeped into the underlying soils and required costly excavation and removal. The total cost for investigation, removal and disposal exceeded \$320,000.
13. A real estate owner hired an electrical contractor to upgrade a building's electrical system. During trenching operations, a backhoe hit a natural gas pipeline causing an explosion. Third parties filed bodily injury claims against the contractor, as well as the property owner whose building was destroyed in the explosion. Claims exceeded \$2.5 million.
14. A dry cleaner leased commercial space from a property owner. PCE, a dry cleaning chemical, was detected in soil and groundwater. The dry cleaner was forced out of business and the property owner paid \$940,000 for investigation, remediation, defense and third-party bodily injury and property damage claims.
15. A commercial real estate owner was subject to defense costs exceeding \$25,000, in addition to property damage and bodily injury claims exceeding \$400,000 from a neighboring residential community. During sewage installation, a subcontractor improperly tied in piping. This caused raw sewage to migrate into the underlying groundwater and contaminated residential wells.
16. New construction commenced on a previously undeveloped parcel of land. During excavation and dewatering activities, contaminated groundwater was discovered. The developer was required by State regulatory authorities to collect, test, and treat groundwater pumped out during the excavation process. Contaminated soil was also discovered at the site. Construction delays and additional expenses totaling over \$1,000,000 were incurred by the developer. It was eventually determined that the contamination had migrated from a nearby manufacturing facility that had gone into bankruptcy several years prior to the development project.
17. A small power coating company which leased space in an industrial unit from a large property owner went into liquidation. Contractors employed to refurbish the unit discovered large, poorly maintained process tanks leaking chlorinated solvents. Furthermore, chemicals escaped through cracks in the concrete floor, causing extensive soil and groundwater contamination to the surrounding property. As a result of the former tenant going into liquidation, the property owner became liable for the resulting environmental exposure. A significant expense was incurred to remove the source area, impacted soils and to install a groundwater treatment system.

Overlooked Benefits of Environmental Liability Insurance

Most real estate developers/owners lack the financial strength to self-insure their potential environmental liabilities. Under CERCLA, the government offers real estate buyers the innocent landowner defense if they perform environmental due diligence (All Appropriate Inquiry (AAI), Phase I or II site assessments, Baseline Environmental Assessments (BEA)...). As we have learned, these reports are not perfect and unexpected environmental problems do occur.

While the innocent landowner defense protects real estate developers/owners from the government, it does not protect you from third parties such as neighbors, whose property is being contaminated by pollutants emanating for your property.

Most real estate developers/owners further address this issue by transferring their risk via legal environmental indemnifications to the property seller. What value is a legal environmental indemnification if you discover an environmental problem and make a claim only to find out the seller who signed the indemnification has passed away and the estate dissolved? What if the seller moves out of the country? Get a divorce? Are monies set aside to address environmental issues or is all you have a signature?

Another exposure that must be addressed is “who are you doing business with?” As the real estate owner/developer you can do everything possible to minimize or eliminate your environmental exposures but those you do business with can draw you into a liability situation, i.e., contractors, tenants....

Three Overlooked Benefits of environmental liability insurance

1. **Defense Costs:** Environmental liabilities are relatively new and very litigious. Even if you do nothing wrong you can still get named in a suit and have to cover defense costs i.e. legal fees, environmental investigations
2. **Claim Management:** All policies come with specialists to assist you in handling a claim. Who oversees communications, public relations, emergency response, government compliance, financial management, third party claims for bodily injury, property damage, natural resource damages....?
3. **Third Party Liability:** The majority of the time the cost to clean up the environmental problem/s is far less than the associated claims that come in from third parties for bodily injury, property damage and business interruption. You need to look at your client's and neighbors that can be impacted if you or a sub-contractor/vendor create an environmental loss.

Environmental Liability Insurance Coverages

Environmental Impairment Liability (EIL)

EIL is for real estate owners & developers susceptible to economic loss caused by pollution that actually or allegedly originated from their properties. Sometimes referred to as Pollution Legal Liability (PLL), this coverage is for those who own, rent, lease, operate, or have any other insurable interest in real property and/or the operations.

Coverage can be written in a variety of ways to address new conditions that may occur and/or unknown preexisting environmental conditions. Coverage can include third party bodily injury and property damage, along with business interruption, on and off-site clean-up, legal defense, Non-Owned Disposal Site Liability, Transportation Pollution Liability, and more. EIL can be offered on multiyear terms, which typically provides annual savings over the term of the policy. Most EIL policies cover above ground storage tanks up to a certain size. You can also cover multiple locations on a single EIL policy.

Contractors Pollution Liability (CPL)

Real estate owners & developers have potential indirect environmental exposures from the service vendors & contractors they hire to perform work on their behalf. CPL insurance protects real estate owners / developers should their vendors cause or exacerbate an environmental condition.

Property Transfer Coverage

When buying or selling property there can be unknown preexisting environmental conditions. Since environmental due diligence (All Appropriate Inquiry (AAI), a Phase I or Phase II survey, Baseline Environmental Assessment (BEA)...), cannot guarantee uncovering all potential environmental liabilities, insurance companies have created property transfer insurance. This coverage protects the new owner or any party with an insurable interest, against unknown environmental conditions that may be discovered during the policy period, that were not caused by the new owner.

This coverage not only helps to keep the property at its maximum value, but it will also assist the purchaser in being able to secure the necessary financing to complete their transaction. Real estate owners and developers who use this product as part of their risk transfer strategy often find they can negotiate with the seller to share the cost and negotiate a better mortgage rate than if they did not have property transfer coverage. You can cover multiple locations on a single policy.

Transportation Pollution Liability (TPL)

Generally, Commercial Auto policies will exclude pollution losses arising from spills or other releases of their cargo. Broadened Transportation Pollution Liability affords coverage during the loading, unloading and transportation, for a spill, release or sudden upset and overturn of transported cargo.



ERMI QR Codes

The ERMI business model utilizes environmental education to add value while assisting our clients in leveraging their business model. The ERMI QR Codes below share strategies on managing and transferring environmental exposures. ERMI QR Codes offer a brief overview on a specific environmental management or transfer issue that can impact our client's, their staff and their client's. For insurance producers ERMI suggests you carry a copy of the QR codes in your brief case so you have it readily available to share. Simply use the app on your smart phone.



Why Environmental Insurance



Environmental Impairment Liability



Contractors Pollution Liability



Storage Tank Liability Insurance



Professional Liability



Property Transfer Coverage



Brownfield Insurance



Secured Creditor Coverage



eRA Benefits



eRA for Agriculture



eRA for Commercial Contractors



eRA for Manufacturers



eRA for Real Estate Developers



eS Marketing Strategies

ERMI COMPETITIVE ENVIRONMENTAL INTELLIGENCE



Cyberattacks Can Trigger Pollution Losses—Make Sure Your Clients Are Covered

Competitive Environmental Intelligence (CEI) for insurance professionals who sell—or advise on—cyber insurance.

Background: As cyber risk expands, the potential for real-world environmental losses expands with it. In one case, a wastewater treatment plant was targeted and the incident resulted in 300,000 gallons of raw sewage spilling into a river and flooding nearby businesses.

Cyberattacks (including malware) can allow bad actors to reprogram equipment—changing speeds, temperatures, pressures, and valve positions—in ways that create pollution liabilities and can threaten human health and the environment.

This isn't limited to one industry. Hacks can disrupt the operation, control, performance, navigation, and safety systems of watercraft, trains, aircraft, road vehicles, dam operations, HVAC, plumbing, electrical, and security systems—essentially any operation that depends on computers.

Many cyber policies we review exclude pollution liabilities caused by a cyberattack—creating a critical coverage gap.

Solution: For businesses susceptible to hackers, an environmental financial assurance plan is an important part of managing pollution liabilities created by cyber events. Financial assurance can include a letter of credit, bond, monies in escrow, a captive, or pollution insurance.

Pollution insurance is designed to help fill coverage gaps created by standard property and casualty policies—such as pollution exclusions found in many cyber policies. Compared to other financial assurance mechanisms, pollution insurance can cost insureds fractions of a cent on the dollar while providing access to broad protections that may include first-party cleanup; on-site and off-site third-party bodily injury, property damage, and business income; transportation pollution liability; legal fees; investigation costs; first-party business income; and more.

For example, one environmental insurance carrier's definition of a pollution incident includes the following language: the discharge, dispersal, release, seepage or escape of any **pollutant** into or upon land, or any structure on land, the atmosphere or any watercourse or body of water, including groundwater, that results directly from a **cyberattack**.

If you sell cyber insurance, make sure you're also addressing pollution losses triggered by a cyberattack. If this exposure isn't evaluated and a pollution event occurs, your client may discover they don't have coverage—and your agency's E&O may be the only policy left to respond.

The following link will take you to a press release regarding the new Certified environmental Strategist (CeS), online CE approved training offered through The National Alliance:

<https://www.insurancejournal.com/services/newswire/2022/04/28/664841.htm>



MUST READ FOR INSURANCE PROFESSIONALS THAT SELL COMMERCIAL FIRE INSURANCE POLICIES

*By: Chris Bunbury, eS
Environmental Strategist, Inc.*

Why is environmental risk management and insurance now part of “Best Practices” for commercial insurance professionals? Because every business has environmental exposures—and the agents who help clients manage and transfer those exposures deliver more value, reduce gaps, and strengthen retention.

In today’s transparent business environment, managing and transferring environmental exposures is a core risk-management function that can protect a client’s balance sheet and support growth. When you make environmental risk management part of your process, you elevate your role from policy placer to trusted advisor and true team member for your insureds.

So where does commercial fire insurance fit in? Start with a simple question: why do businesses buy fire coverage in the first place?

- A lender requires it as a condition of the loan.
- The owner can’t (or doesn’t want to) self-insure the severity of fire loss, so risk transfer makes financial sense.
- It’s included in a BOP.
- It’s what they’ve always done—often without revisiting the full scope of post-loss exposures.

Does the fire policy help the insured? Yes, but what happens when a fire occurs?

Does a fire policy help the insured? Yes—but the bigger question is what happens next. After the fire is out, water and chemicals used in suppression can combine with burned building contents to create a pollution condition. While the fire department is immune from prosecution, under federal law the property owner is ultimately responsible for the environmental condition of the property—creating a coverage-gap risk if pollution coverage is limited or excluded.

That means any business that carries fire coverage—and experiences a fire—has a strong chance of facing environmental liabilities in the aftermath.

Example: An auto parts dealer suffered a fire. After the fire was extinguished, the building’s basement contained tens of thousands of gallons of hazardous “goo.” Disposal cost the owner more than \$80,000—and it was not covered by insurance. The store owner then pursued the insurance professional’s E&O for coverage.

Risk management often means balancing tradeoffs—solving one problem without creating another. For example, sprinkler systems can reduce fire severity, but they can also spread contaminants and expand the footprint of a pollution loss.

The takeaway: when you bring environmental risk management into everyday coverage conversations, you help clients avoid blind spots—and you strengthen your “Best Practices” advisory position.

Environmental Risk Management Tip: Don’t be misled by “limited” pollution coverage offered by standard property and casualty carriers. “Limited” pollution policies are designed to limit the carrier’s exposure—which often means limited protection for your insured. As part of your process, confirm what’s actually covered, identify gaps created by pollution exclusions, and consider whether a dedicated pollution liability solution is needed.



3 Things Insurance Professionals Should know about PFAS / PFOA, “Forever Chemicals”

As an insurance professional, if you are not familiar with Per- and polyfluoroalkyl Substances i.e. PFAS / PFOA, “Forever Chemicals”, you need to be and this competitive environmental intelligence will give you three reasons why.

1. Background: “Forever Chemicals” are deeply ingrained in the fabric of our society. I believe PFAS / PFOA... are going to make asbestos and lead look like elementary environmental issues. Forever Chemicals negative impact on our environment and human health cannot be understated. No matter where you live, daily, you and your family are exposed to “Forever Chemicals”.

During our lifetimes, we have grown up in what I call a “Wild West Chemistry Lab”. Companies like Dupont, Dow, 3M, Proctor & Gamble... have scientists / chemist on staff whose purpose has been to design and patented thousands of Forever Chemicals. Amazingly, while the Wild West Chemistry Labs were cranking out Forever Chemicals, impact to the environment and human health was not addressed.

Forever Chemicals are a group of human-made chemicals that number in the thousands and are used for their resistance to heat, water, oil, grease.... Forever Chemicals have been manufactured and used by a vast array of businesses around the globe since the 1940s and contaminate soil, ground water, surface water and the air. Forever Chemicals can resist degradation in the environment and bio-accumulate; meaning that they are persistent in the environment and tend to concentrate in blood and organs over time in biological species, thus Forever Chemicals. People can be exposed to these chemicals in house dust, indoor and outdoor air, food, and drinking, surface / rainwater. Forever Chemicals are in firefighting foam, the clothes we wear, carpet and upholstery on our furniture, non-stick cook ware, when you get a pizza to go the pizza box has Forever Chemicals that keep the grease from soaking through, and the list goes on. Exposure to certain Forever Chemicals has ties to cancer, ulcerative colitis in adults and thyroid disease in children, gout, high blood pressure, among other health problems.

Go to <https://www.epa.gov/pfas> for more information.

For an example on the scope of this issue, to date, the State of Michigan has identified just over 200 Forever Chemical contaminated sites in the State. Experts are guesstimating that the number will grow to 11,000 Forever Chemical contaminated sites, just in Michigan. This past winter I participated in a panel discussion on Forever Chemicals at the American Bar Association Tort Trial & Insurance Litigation conference. What I learned firsthand is Attorneys are aggressively litigating Forever Chemical liabilities and winning huge sums of money. Attorneys see a bright future in this litigation space.

2. The core function of a Certified environmental Strategist (CeS) is to coach businesses to manage and transfer their environmental exposures. Even though a movement to reduce or remove Forever Chemicals from the marketplace has been growing, as their name denotes, they do not break down and as previously stated spread contamination via soil, ground / surface / rainwater or air.

As the saying goes, those who do not learn history are doomed to repeat it and that can be correlated in what we have learned from the Comprehensive Environmental Response, Compensation, and Liability Act or more commonly referred to “Superfund” in relation to Forever Chemicals.

Coach your clients to take inventory of what they use that contain Forever Chemicals. Find what alternatives have been developed to replace Forever Chemicals. Do a forensic historical search of Forever Chemicals used in the past, their use, how waste was handled, recycled and / or disposed.

Establish a relationship with an emergency response contractor, so if there is a spill or release of Forever Chemicals the contractor is prepared to respond and minimize the liability. You also want to make sure local fire; law enforcement and medical facilities have knowledge of materials on a business’s property and are prepared to respond. First responders and medical personnel should be given MSDS sheets and a tour of the facilities. My experience is they also offer invaluable advice on reducing or eliminating liabilities.

When you take the CeS training you will learn the step-by-step process to assist your clients to develop and execute their environmental Management Strategy (eMS) to proactively address not just Forever Chemicals but all the environmental exposures impacting their operations.

3. Superfund with its joint, strict and several liability, has taught us businesses with exposure to Forever Chemical liabilities need an environmental financial assurance plan. Thousands of businesses identified as Potentially Responsible Parties (PRP) have gone out of business due to Superfund liabilities because they did not have an environmental financial assurance plan in place.

Environmental financial assurance is nothing new, in fact, it has been around for decades, i.e. Under Federal law, regulated underground storage tank (UST) owners must evidence financial assurance before they can put any petroleum into a UST. Asbestos and lead abatement

contractors, as well as Industrial and hazardous waste haulers, disposal / recycling facilities are all required by law to have financial assurance in place to operate their business model. Part of an environmentally proactive, “Best Practices” strategy in today’s business environment is to have an environmental financial assurance plan. There are various types of financial assurance products such as a bond, letter of credit, self-funding / monies in escrow, insurance.... Environmental insurance policies cost insureds fractions of a cent on the dollar and can protect against Forever Chemical liabilities. We see some carriers adding Forever Chemical exclusions to their policies, while others will cover Forever Chemicals, but they increasingly want to see an insured has a plan in place to minimize their exposure.

Besides cleanup costs, environmental insurance policies can also protect against third party bodily injury, third party property damage, business interruption, legal fees, transportation pollution liability, products pollution, emergency response costs, reputational risk and more. Environmental insurance policies can also protect an insured if a third party has Forever Chemical contamination that migrates onto an insureds property. Since Forever Chemical contamination can spread for miles impacting third parties in its path, this is another reason to look to environmental insurance as a financial assurance strategy.

In session one of The National Alliance on demand Certified environmental Strategist you will learn about the various environmental insurance products and how they can drive your sales while better protecting your E&O exposure.

As a Certified environmental Strategist, you will be armed with the resources to coach your clients on managing and transferring their environmental exposures.



PFAS

environmental Strategist, between the lines: Introduction to PFAS. If you are not familiar with Per- and polyfluoroalkyl Substance or PFAS you need to be and after you read this competitive environmental intelligence you will understand why.

Due to PFAS pollution, environmental laws are changing.

PFA’s are used for their resistance to heat, water, oil and grease. PFAS are a group of human-made chemicals that includes PFOA, PFOS, GenX, and many other chemicals. PFAS have been manufactured and used in a variety of industries around the globe, including in the United States since the 1940s and contaminate soil, ground water, surface water and the air. PFAS can resist degradation in the environment and bio-accumulate; meaning that they are persistent in the environment and tend to concentrate in blood and organs over time in biological species. People can be exposed to these chemicals in house dust, indoor and outdoor air, food, and drinking water. Exposure to certain PFAS

chemicals has ties to cancer, ulcerative colitis in adults and thyroid disease in children, among other health problems.

PFAS, besides being used in Oral B Glide dental floss, can also be found in:

- **Food** packaged in PFAS-containing materials, processed with equipment that used PFAS, or grown in PFAS-contaminated soil or water.
- **Commercial / household products**, including stain- and water-repellent fabrics, carpets, upholstery, soap, shampoo, clothing, leather, nonstick products (e.g., Teflon), pizza boxes, fast food wrappers, microwave popcorn bags, polishes, waxes, cleaning supplies, paints, textiles, paper & packaging materials, cleaning products, and fire-fighting foams (a major source of groundwater contamination at airports and military bases where firefighting training occurs).
- **Workplace**, including production facilities or industries (e.g., chrome plating, electronics manufacturing, or oil recovery) that use PFAS.
- **Drinking water**, typically localized, and associated with a specific facility (e.g., manufacturer, landfill, wastewater treatment plant, firefighter training facility).
- **Living organisms**, including fish, animals, and humans, where PFAS can build up and persist over time.

For more information and articles on PFAS refer to the following links:

EPA website: <https://www.epa.gov/pfas>

Where is PFAS Pollution Found in the U.S.? <https://www.phly.com/rms/blog/PFAS.aspx>

Dental floss:

<https://www.usatoday.com/story/news/nation/2019/01/09/oral-b-glide-floss-toxic-pfas-chemicals-study/2530661002/>

Oscoda School water contaminated with PFAS:

https://www.mlive.com/news/index.ssf/2018/08/oscoda_schools_pfas.html

Fire Fighting Foam:

<https://www.daytondailynews.com/news/local/dayton-suing-firefighting-foam-makers-after-water-safety-worries/iGcb3BiwcvgYfe0m5OjarL/>

<https://theintercept.com/2018/02/10/firefighting-foam-afff-pfos-pfoa-epa/>

Wisconsin Takes First Steps To Shield Tax Payers From PFAS:

https://madison.com/wsj/news/local/govt-and-politics/wisconsin-takes-first-step-to-shield-taxpayers-from-toxic-cleanup/article_e40ea686-11ff-5db3-af44-0d020f30a5da.html

How do professional carpet cleaners dispose of their water that contains PFAS extracted from the carpet? What about carpet cleaners the people rent?

<http://ecologywa.blogspot.com/2011/11/when-carpet-cleaning-where-should-wash.html>



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When HNW insureds think about pollution insurance, they often focus first on cleanup coverage after a spill. While cleanup protection is important, it's only part of the value. Today's environmental policies can deliver a much broader set of benefits—helping insureds protect not just their balance sheet, but also their brand, operations, and long-term stability.

As a reminder, environmental liabilities are typically severity-driven rather than frequency-driven. That means one event can create outsized financial, operational, and reputational consequences.

For years, ERMI has emphasized three often-overlooked advantages of environmental insurance:

- Defense Costs
- Access to environmental claims specialists who help manage complex losses
- Third-party liability protection, including bodily injury, property damage, and business income claims
-

As the environmental insurance marketplace has matured, carriers have expanded core policy offerings to include coverages that were once available only by endorsement—such as Non-Owned Disposal Site Liability, Mold, and Transportation Pollution Liability.

Two especially valuable enhancements now being built into many policy forms are Reputational Risk Coverage and Emergency Response Costs. These coverages often come with their own dedicated limits, with the primary policy limits stepping in once those amounts are exhausted.

Reputational Risk (Image Restoration) Coverage

Environmental incidents can damage more than property—they can damage trust. Reputational Risk Coverage is designed to help insureds protect their brand, preserve customer confidence, and reduce the long-term business impact of a covered environmental event.

This coverage can support efforts to:

- Protect brand reputation after a loss
- Limit negative fallout and business disruption
- Restore public confidence and stakeholder trust
- Reduce the profitability impact of an environmental crisis
-

In effect, this coverage helps position the carrier as a strategic partner in protecting the insured's reputation when it matters most.

Emergency Response Costs

When a pollution incident occurs, speed matters. Emergency Response Costs coverage helps fund immediate action needed to investigate, contain, and remediate an environmental event.

The goal is simple: respond fast, control the damage, and reduce the ultimate size of the loss. By enabling remediation professionals to act quickly—without waiting for the full traditional claims process—this coverage can help:

- Minimize environmental impact

- Reduce total liability exposure
- Accelerate recovery and response
- Improve loss outcomes overall
-

Why This Matters in the Sales Conversation

When an insured is deciding whether to invest in pollution insurance, it's critical they understand that the value goes far beyond cleanup. These coverages can play an essential role in a broader environmental risk transfer strategy—helping protect operations, reputation, and financial resilience. In today's business environment, insureds should understand why carriers offer these benefits: because environmental events can escalate quickly and create far-reaching consequences. And for businesses that choose to self-insure, the reality is the same—they still need a financial assurance strategy in place or they risk absorbing a major loss on their own.



Glyphosate Update

The popular weed killer Roundup contains an ingredient Glyphosate. Glyphosate has been classified as a carcinogen by the State of California. As the article below points out, Monsanto, the maker of Roundup, is facing thousands of lawsuits over Glyphosate. The bad news is Bayer just bought Monsanto in June of 2018 and these lawsuits will be going on for years.

The main issue ERMI wants to make sure you are aware of is some environmental insurance carriers are starting to exclude coverage for Glyphosate. Coach your insureds on finding an alternative weed killer that does not contain Glyphosate.

There are over 750 products containing glyphosate for sale in the United States.

Businesses using Glyphosate are agricultural, municipalities, landscapers / lawn mowers, conservation organizations, commercial real estate owners, golf courses, hospitality properties, hunting clubs, airports....

<https://www.cnn.com/2018/10/23/judge-upholds-verdict-that-found-monsantos-weed-killer-caused-cancer.html>



Legionnaires Disease

eS between the lines: Legionnaires Disease is a bacteria that can create an environmental liability for those using central air conditioning systems, fountains, room-air humidifiers, ice-making machines, [whirlpool spas](#), [water heating](#) systems, showers, [misting](#) systems typically found in grocery-store produce sections, cooling towers used in industrial cooling systems, [evaporative coolers](#), [nebulizers](#), [humidifiers](#), windshield washers....

A little background: Legionnaires is bacteria that got its name after a 1976 outbreak at an American Legion Convention in Philadelphia. 221 people contracted the bacteria and 34 died. Below is information on a recent Legionnaires outbreak in New York City.

What risk management strategy are you implementing to address exposure to Legionnaires Disease for your clients? Pollution liability insurance can protect property owners or those with an insurable interest for their exposure to Legionnaires.

Legionnaires' Death Toll Climbs With 4 Dead in NYC

By Tyler Pager, USA TODAY

The Legionnaires' outbreak in New York City continues to spread, as another person has died, and eight more people were reported to be affected by the disease. New figures released by New York City's Department of Health and Mental Hygiene on Saturday show four people have now died from the disease and 65 people have contracted it.

The data also says 20 individuals have been successfully treated, and all the people who died were "older adults" and had other underlying medical problems. If it is caught early, Legionnaires' can be treated. Symptoms include coughing, fatigue, and confusion, but the disease cannot spread from person-to-person. Instead, people contract the disease when they breathe in mist or vapor from a contaminated plumbing system.

Five buildings tested positive for the deadly bacteria, including Lincoln Hospital, Concourse Plaza, and Opera House Hotel. The latest buildings to test positive are a Verizon office building and Streamline Plastic Co. Remediation has been completed at four of the buildings, and officials said "Streamline Plastic Co." is expected to complete the process by Saturday afternoon. All sites will be required to submit plans outlining how they will maintain cooling towers to guard against future outbreaks.

Bronx Borough President Ruben Diaz said that right now, the city has no mechanism for enforcing inspection of coolant systems, rooftop water tanks and standing water infrastructure that can be a "breeding ground" for Legionnaires'. Diaz said Friday he is working with members of the New York

City Council and agencies affected by the outbreak to craft legislation to correct this. "The city must create a new inspection system for these systems, just as we inspect other critical systems such as elevators," Diaz said. Officials said New York City's drinking water supply is unaffected by the disease outbreak.



Source of Deadly NYC Legionnaires' Outbreak Identified

Health officials have identified a cooling tower at the Opera House Hotel as the source of the Legionnaires' spike that has sickened more than 120 people in the Bronx, killing 12 of them, since July, marking the largest outbreak of the disease in New York City history.

The tower at the Opera House Hotel was disinfected Aug. 1, authorities said. The last case reported in connection with the outbreak was reported two days later. Local, state, and federal officials tested samples from 25 patients linked to the outbreak, including some who died, and in each case found a match to the strain of Legionella found in the cooling tower at the Opera House Hotel.

Health Commissioner Mary Bassett made the announcement at an afternoon news briefing Thursday as she declared the outbreak was "over." Since July 10, 128 cases of Legionnaires' have been reported. No new cases have been reported in nearly three weeks. "We have not seen anyone become sick in the area of the outbreak since Aug. 3 and we are now well past the incubation period of the disease," Bassett said.

City, state, and federal officials canvassed more than 700 sites in the south Bronx, where the outbreak was focused, in their search for the source. In total, 14 of 39 buildings with the type of cooling towers that lend themselves to Legionella growth were found to be contaminated. The Opera House Hotel said in a statement that it was disappointed to learn its cooling tower was the source of the outbreak.

"It's particularly disappointing because our system is 2 years old, has the most up-to-date technology available and our maintenance plan has been consistent with the regulations that both the city and the state are putting in place," the statement said. "We have worked closely with both the city and the state since this issue first arose and have done everything requested to address the situation."

Concerns about prevention and safety prompted the city to develop and pass new legislation to regulate cooling towers, one of the locations where Legionella, the bacteria that causes the potentially severe pneumonia-like disease in people who are exposed to it, is likely to grow. Under the new legislation, cooling towers across the city must be tested regularly for Legionella bacteria; any found to be contaminated must be disinfected immediately. The regulations specify penalties for violations, and the legislation makes New York City the first major city in the United States to regulate cooling towers.

Prior to the recent outbreak, no city records were kept as to which buildings had cooling towers. The Opera House Hotel said it fully supports the new regulations. "We believe they are appropriate and will enhance the protection of public health. That said, we intend to go beyond the requirement to test our cooling tower every 90 days by testing every 30 days when the tower is in operation," the statement said. "Given recent events, we have decided to be especially cautious going forward."

Legionnaires' disease usually sets in two to 10 days after exposure to the bacteria and has symptoms like pneumonia, including shortness of breath, high fever, chills and chest pains. People with Legionnaires' also experience appetite loss, confusion, fatigue, and muscle aches. It cannot be spread person-to-person and those at highest risk for contracting the illness include the elderly, cigarette smokers, people with chronic lung or immune system disease and those receiving immunosuppressive drugs. Most cases can be treated successfully with antibiotics.

An outbreak last hit the Bronx in December. Between then and January 12 people in Co-op City contracted the potentially deadly disease. Officials said a contaminated cooling tower was likely linked to at least 75 percent of those cases. No one died in that outbreak.



Natural Disaster Seasons Are A Great Time To Talk Pollution Insurance

- Swiss Re cautioned that climate change was expected to exacerbate Natural Disasters.

ERMI continues to coach how Natural Disaster Seasons (NDS, i.e., Flooding, Tornados, Forest Fires, Hurricanes, earthquakes...) are a great time to talk pollution. [Most pollution policies do not exclude Acts of God \(i.e., Natural Disasters\).](#)

During NDS, national and local media are lighting up the airways / internet highway with all the pollution problems caused by natural disasters.

Note: Pollution losses tend to be a severity versus frequency issue.

Note: Under Federal law, property owners are ultimately responsible for the environmental condition of their property regardless of who or what caused the contamination.

It may not be until years later when the real estate owner goes to sell their property and an environmental site assessment unveils an environmental problem from pollutants deposited during NDS.

Who's responsible?

As your team member for all things environmental, let ERMI know how we can assist you to drive your sales during NDS.

<https://www.barrons.com/news/disaster-linked-losses-in-2020-hit-187-bn-swiss-re-01608031808?tesla=y>



State Tank Funds vs. UST Insurance: Help Clients Choose the Right Financial Protection

When it comes to meeting underground storage tank (UST) financial assurance requirements, many insureds assume state tank funds and UST insurance offer comparable protection. In reality, the difference can be significant—and understanding that difference is essential to protecting your client and your agency.

In recent years, more UST owners have turned to state tank funds instead of private UST insurance, especially for aging tanks (often 25+ years old) that private insurers may be reluctant to cover due to loss history. For some distressed or hard-to-place risks, state funds can serve a purpose. But they are not a one-size-fits-all solution.

What Many Insureds—and Agents—Miss

State tank funds are generally designed to satisfy the minimum financial assurance requirements for regulated tank owners. While they may provide cleanup support, they often do not include many of the broader protections available through UST insurance, such as:

- Defense costs
- Third-party bodily injury
- Third-party property damage
- Third-party business income
- And other important liability protections
-

That means a client may technically satisfy a regulatory requirement—while still remaining financially exposed to major loss scenarios.

Where State Tank Funds May Fit

At ERMI, we often view state tank funds as a strategy for troubled or aging tank accounts, particularly when private market options are limited. They can also be useful when an insured is preparing to remove

or replace tanks, since many carriers will suspend coverage during that process until replacement and testing are complete.

That said, relying on a state fund requires careful evaluation—not just of eligibility, but of the fund’s structure, stability, and scope of protection.

Why This Matters

Many state funds have become financially strained over time because they are frequently used for the highest-risk accounts. Some have become insolvent or failed to keep pace with claim demands, leaving insureds exposed when they expected protection to be there.

Before recommending a state tank fund, agents should evaluate questions such as:

- Is the fund financially stable?
- Is coverage provided on a reimbursement basis?
- Are there meaningful out-of-pocket costs before recovery?
- Does it include third-party liability protection?
- Are higher limits available?
- Is loading and unloading covered?
-

Common Limitations of State Tank Funds

A few of the most important gaps to watch for include:

- Reimbursement-based structure – clients may need to pay large costs upfront before reimbursement
- Limited or no third-party liability coverage – a major gap compared to private insurance
- Fixed limits – often with no option to increase coverage
- Loading/unloading exclusions – leaving certain release scenarios uncovered

The Bottom Line

State tank funds can be a practical tool in specific situations—but they should not automatically be viewed as equivalent to UST insurance. For many insureds, private UST insurance offers broader protection, stronger risk transfer, and a more complete financial assurance strategy.

Helping clients understand the difference positions you as a knowledgeable advisor, protects them from costly surprises, and helps reduce your own E&O exposure in the process.

It’s important you do not sacrifice coverage for your UST insureds by going with a state tank fund because that can create E&O claims for you.



Silica Exposure: A Hidden Risk with Serious Consequences

Silica is one of the most common minerals in the earth's crust—and one of the most significant occupational hazards for many industries. Found in materials such as soil, sand, granite, concrete, rock, gravel, and clay, crystalline silica is released into the air when these materials are cut, chipped, drilled, or ground. Once airborne, the resulting dust can be inhaled by workers, creating serious long-term health and liability concerns.

Why This Matters

Crystalline silica has been classified as a **human lung carcinogen** and is associated with severe health conditions, including lung cancer and silicosis. Silicosis can develop after only a few months of intense exposure and occurs when fine silica particles lodge in the lungs, causing irreversible scar tissue that reduces the body's ability to absorb oxygen. There is no cure, and the condition can be disabling—or fatal.

A Broad Business Exposure

Silica is not a niche issue. The updated silica standard affects a wide range of industries, including:

- Construction
- Mining
- Concrete and ready-mix operations
- Glass and pottery manufacturing
- Foundries
- Stone cutting and fabrication
- Abrasive blasting
- Landscaping
- Railroads
- Hydraulic fracturing
- Asphalt product manufacturing
- And many others
-

For businesses operating in these sectors, silica exposure is both a **worker safety issue** and a **risk management issue**.

Regulatory Pressure Is Increasing

The updated OSHA silica rule significantly lowers the allowable exposure threshold and introduces stricter compliance requirements for hundreds of thousands of workers. Enforcement is serious, and the cost of falling short can include regulatory penalties, workplace disruption, reputational damage, and potential liability.

As one industry publication noted, the rule may be detailed and complex—but regulators are not expected to offer much leniency when violations are found.

The Sales & Risk Conversation

For insurance professionals and risk advisors, silica is an important opportunity to bring value to clients. Businesses with silica exposure need to understand:

- Where the exposure exists in their operations
- What compliance obligations apply
- How claims or allegations could impact their balance sheet
- Why environmental and pollution-related protections may be part of a broader risk strategy

Bottom Line

If your clients work with materials that generate silica dust, this is a conversation worth having now—not after a claim, citation, or health issue arises. Helping them recognize the exposure and prepare for it positions you as a proactive advisor focused on protecting both their people and their business.

<https://www.ehstoday.com/industrial-hygiene/learning-live-new-silica-rule>



Meth Labs

Illicit Drug Contamination: A Hidden Property Risk with Serious Financial Consequences

Illicit drug contamination is an often-overlooked environmental exposure that can create significant financial, operational, and liability challenges for property owners, managers, and investors. These events can affect a wide range of properties—from residential units and hospitality locations to commercial buildings and vehicles—often leaving behind hazardous residues and costly cleanup obligations.

Why This Matters

When contamination occurs, the impact can extend far beyond the immediate property. Hazardous residues may affect indoor environments, building materials, surrounding areas, and even future occupancy. The result can include:

Costly remediation and disposal expenses

Business interruption and vacancy loss

- Property damage and loss of value
- Third-party liability concerns
- Unexpected out-of-pocket costs not addressed by standard insurance policies

A Serious Environmental Liability Exposure

Properties affected by illicit drug activity may require specialized environmental response, testing, disposal, and restoration before they can safely return to service. Even after the immediate issue is addressed, lingering contamination can continue to create health, operational, and financial concerns.

For owners, landlords, real estate investors, and hospitality operators, this is more than a property issue—it is a **risk management issue**.

Why Insurance Conversations Matter

Many insureds do not realize that environmental contamination tied to illegal activity can create major uninsured or underinsured exposures. That's why pollution liability insurance can be an important part of a broader environmental financial assurance strategy.

Depending on the policy structure, pollution coverage may help address:

- Investigation and remediation expenses
- Disposal costs

- Business interruption
- Third-party bodily injury or property damage claims
- Related environmental response costs

The Bottom Line

Illicit drug contamination is a real-world environmental exposure that can disrupt operations, damage property value, and create costly liabilities. Helping insureds understand this risk—and evaluate whether their current program addresses it—positions you as a proactive advisor focused on protecting both their assets and their long-term financial stability.



Illicit Abandonment

Illicit Abandonment: An Overlooked Exposure for Commercial Property Owners

Illicit abandonment is a costly environmental exposure that many commercial real estate owners and lessors don't fully recognize—until it becomes their problem.

A common example: a tenant goes out of business and leaves behind drums, totes, buckets, or other containers filled with raw materials or waste. Even if those materials are not actively leaking, the property owner may still face substantial costs to remove, dispose of, and restore the space before it can be leased again.

In one real-world scenario, a property owner discovered exactly that after a tenant vacated a leased facility. The materials left behind were not causing an immediate release, but the cost to clear the property and prepare it for a new tenant exceeded **\$80,000**. That is a clear example of illicit abandonment—and a strong reminder that pollution liability insurance may help address this exposure.

Why This Matters

Storage containers such as 55-gallon drums, totes, and buckets can create significant environmental liability when they are improperly stored, abandoned, or left unmanaged. Residual materials can remain in containers long after use, and when those containers are stored outdoors over unsealed surfaces, the potential for soil and groundwater contamination increases over time.

Under federal law, property owners are ultimately responsible for the environmental condition of their property—even when the contamination was caused by someone else.

That means one former tenant can leave behind:

- Cleanup and disposal costs
- Property restoration expenses
- Delayed occupancy and lost rental income
- Potential third-party claims if contamination migrates off-site
- Unexpected uninsured or underinsured liability

A Broader Risk Management Issue

The exposure goes beyond tenant move-outs.

Businesses that store and use drums, totes, buckets, and similar containers face ongoing environmental risk tied to:

- How raw materials are purchased and delivered
- Where and how containers are stored
- Whether secondary containment is in place
- How waste and residuals are handled
- Whether vendors and tenants have a real financial assurance strategy behind their contractual obligations

This is where proactive risk management makes a difference.

A Valuable Conversation for Property Owners

For insurance professionals and risk advisors, illicit abandonment is an important opportunity to bring value to commercial property owners, developers, and lessors.

Key questions to raise include:

- Are tenants storing environmentally sensitive materials on-site?
- Are materials being stored properly and securely?
- What happens if a tenant goes out of business and leaves materials behind?
- Is there a financial assurance mechanism behind the tenant's environmental indemnification?
- Could the property owner be left holding the bill for cleanup, disposal, and liability?

Why This Creates Sales Opportunity

Helping clients identify illicit abandonment exposure does more than protect their property—it also creates new opportunities to strengthen your relationship and grow your book of business.

Every inspection of a tenant-occupied property can help you:

- Better protect your insured
- Uncover hidden environmental exposures

- Reduce your client's E&O and financial risk
- Open the door to additional conversations with tenants and related businesses

In other words, protecting your client may also uncover your next account.

The Bottom Line

Illicit abandonment is not just a tenant problem—it is a property owner problem, and often an insurance conversation waiting to happen.

When you help commercial property owners understand this exposure and evaluate whether they have the right environmental risk transfer strategy in place, you position yourself as a proactive advisor who protects assets, reduces surprises, and creates long-term value.

<https://projects.jsonline.com/news/2017/2/15/chemicals-left-in-barrels-leave-many-at-risk.html>



TEAMing with Business Professionals to Drive More Insurance Sales

If you want to grow insurance revenue, one of the most effective strategies is to build relationships with the business professionals your clients already trust. That's the idea behind ERMI's **TEAM SPORT** approach—a proven method for turning education, collaboration, and strategic partnerships into new insurance opportunities.

After more than 35 years in specialty environmental insurance wholesaling, one thing stands out: the most successful insurance professionals are always looking for new ways to create value—and new ways to uncover opportunities.

Because **every business has environmental exposures**, and fewer than 20% of licensed insurance professionals actively sell environmental insurance, the upside is enormous for producers willing to step into this space.

Why This Strategy Works

ERMI created this four-part educational series to help you engage other trusted advisors—such as attorneys, accountants, bankers and realtors—by showing them how your expertise can strengthen their client relationships and help protect their own E&O exposure.

When you help these professionals better serve their clients, they, in turn, bring you opportunities.

A Simple Example: Attorneys

Take attorneys involved in real estate transactions. Many contracts include environmental indemnification language, but too often there is **no financial assurance mechanism**—such as insurance, escrow, a bond, or a letter of credit—to backstop that indemnification.

If a default occurs, that contract may offer little real protection. That can create E&O exposure for the attorney and lead their client back to them looking for a financial solution.

This is where insurance professionals can add real value.

From Asking for Referrals to Producing Opportunities

Every producer knows referrals matter. But the stronger strategy is not simply to **ask** for referrals—it's to **create** them.

By helping business professionals strengthen their own service model, you position yourself as:

- A trusted advisor
- A strategic partner
- A problem-solver who brings practical financial solutions
-

That creates more meaningful relationships—and a much higher likelihood of new business.

What TEAM SPORT Means

TEAM SPORT stands for:

Together Everyone Accomplishes More because Strategic Partners Optimize Resources and Time.

It's a practical framework for helping professionals work together around environmental risk, compliance, financial assurance, and liability protection.

Why This Matters in Today's Market

Environmental issues create risk, change, and opportunity across every industry. As those exposures evolve, the professionals serving businesses must evolve too.

The insurance professional who understands how to connect environmental risk to financial assurance is no longer just selling policies—they are helping build a stronger, more resilient client strategy.

That's why this approach works so well: it helps you move beyond asking for business and instead become the person others call when they need help protecting their clients.

Who Belongs on the TEAM?

When an environmentally reactive business discovers a problem, the response often involves multiple professionals:

- Attorney
- Insurance agent
- Financial institution
- Accountant
- Realtor
- Environmental consultants and contractors
- Internal business stakeholders
-

This is the broader **environmental management strategy team**—and the insurance professional who understands how to connect the dots can become one of the most valuable people in the room.

The Bottom Line

TEAMing with business professionals is more than a networking strategy—it’s a growth strategy. When you help attorneys, bankers, accountants, realtors . . . , better protect their clients and their own professional liability, you create stronger partnerships, more referrals, and more written business.

And when you earn the environmental Strategist® designation (estrategist.com), you position yourself not just as another producer—but as a leader others turn to for guidance, insight, and solutions.



TEAMing with Attorneys to Drive More Insurance Sales

Of all the business professionals insurance agents can partner with, **attorneys may represent one of the greatest growth opportunities**. Why? Because while attorneys are highly skilled in their legal specialties, many have limited visibility into the environmental exposures affecting their clients—and even less familiarity with the financial assurance tools available to help manage them.

That creates a powerful opportunity for insurance professionals to step in as a strategic resource.

Why Attorneys Are a High-Value Strategic Partner

Attorneys often work at critical moments in a client’s business life—real estate transactions, mergers and acquisitions, contracts, financing, succession planning, and dispute resolution. Environmental issues can influence all of these. Yet too often, environmental risk is addressed only after a problem emerges, when the conversation has already shifted to litigation, loss control, and damage mitigation.

Insurance professionals can add value much earlier in the process by helping attorneys and their clients think proactively about:

- Environmental exposures
- Financial assurance requirements
- Pollution liability solutions
- Contractual risk transfer gaps
- E&O implications tied to inadequate protection
-

From Reactive Litigation to Proactive Protection

Historically, when a client encountered an environmental issue, attorneys often responded by bringing in environmental legal specialists and moving into a reactive legal process. While that approach may be necessary after a loss, it can be expensive, time-consuming, and resource-intensive—and often does little to prevent the issue from arising in the first place.

That’s where insurance professionals can change the conversation.

By helping attorneys integrate environmental financial assurance strategies into their work, you can support a more proactive, business-minded approach—one that helps clients protect assets, reduce uncertainty, and avoid unnecessary disputes.

A Common Gap: Indemnification Without Financial Assurance

One of the biggest opportunities lies in the gap between **legal language** and **actual financial protection**. For years, attorneys have used environmental indemnifications in contracts, real estate agreements, and M&A documents. But an indemnification without a reliable financial assurance mechanism behind it—such as insurance, escrow, a bond, or a letter of credit—may offer little real value when a claim occurs.

That’s a critical issue for attorneys and their clients.

Insurance professionals who can explain how environmental liability coverage supports and strengthens contractual protections become far more than policy sellers—they become trusted advisors who help make legal strategies more durable and actionable.

Why This Matters for Attorneys

Environmental liabilities are often **severity-driven, not frequency-driven**. One uncovered event can trigger legal costs, cleanup obligations, third-party liability, and reputational damage.

For attorneys, that means:

- Contracts may fail to deliver the protection clients expect
- Environmental indemnifications may not be collectible
- Improper insurance requirements may create professional liability concerns
- Lack of financial assurance can expose both the client and the attorney to avoidable risk

A Valuable Conversation Starter

A particularly important issue to discuss with attorneys is the difference between a certificate of insurance and actual enforceable financial protection.

For example, environmental coverage is typically issued based on a signed warranty application. If that application is inaccurate, coverage may be challenged at the time of loss. That means simply requesting proof of insurance may not be enough. Attorneys who understand this nuance are in a much stronger position to protect their clients—and their own E&O.

Your Role in the Relationship

When you TEAM with attorneys effectively, you position yourself as:

- **A trusted advisor**
- **A strategic risk resource**
- **A financial assurance specialist**
- **A partner who helps protect both the client and the legal professional**

You are not replacing legal counsel—you are strengthening the value of the attorney’s work by helping ensure environmental risk transfer is properly considered and supported.

Key Talking Points for Attorneys

When building relationships with attorneys, focus on practical, high-value themes such as:

- What qualifies as a pollutant in today’s legal and insurance environment
- Why virtually every business has environmental exposures
- How environmental indemnification can fail without financial backing
- Why environmental insurance may help reduce defense costs and liability risk
- How proper coverage selection can reduce both client risk and attorney E&O exposure

The Bottom Line

Today’s business environment demands more than reactive legal strategy. Attorneys who understand how to manage and transfer environmental exposures can better protect their clients, strengthen their contracts, and reduce professional liability risk.

And insurance professionals who help deliver that insight create stronger referral relationships, more meaningful partnerships, and more opportunities to write business.



TEAMing with Bankers to Drive More Insurance Sales

Bankers are among the most influential professionals in a client’s business ecosystem—and one of the most overlooked strategic partners for insurance professionals looking to grow environmental insurance sales.

For years, banks have relied on environmental indemnifications and Phase I/II site assessments to help manage environmental risk in lending transactions. While those tools still serve a purpose, they often create a false sense of security. In today’s marketplace, they are only part of the picture—and not enough to fully address the financial consequences of environmental loss.

Why This Matters

Environmental liabilities are typically **severity-driven, not frequency-driven**. That means a single event can create outsized financial, operational, and reputational damage. And as many lenders have learned the hard way, **a borrower’s environmental problem can quickly become the bank’s problem**.

That’s why environmental financial assurance matters. Whether through insurance, escrow, a bond, or a letter of credit, banks need a reliable backstop in place when contractual indemnifications fail, or collateral becomes impaired by pollution conditions.

The Strategic Opportunity for Insurance Professionals

This creates a powerful opening for insurance professionals to help bankers strengthen their risk management strategy, better protect their loan portfolios, and reduce reputational and professional liability concerns.

When you bring this insight into banking relationships, you position yourself as:

- A trusted advisor
- A financial assurance specialist
- A problem-solver who helps lenders protect collateral and reduce uncertainty

Three Often-Overlooked Benefits of Environmental Liability Insurance

When bankers think about environmental risk, they often focus on cleanup. But environmental liability insurance can offer far more value than that alone.

Three important advantages include:

- **Defense Costs**
Even if the bank or borrower did nothing wrong, they may still be pulled into litigation and face significant legal and investigation costs.
- **Claims Management**
Environmental claims often involve emergency response, government oversight, public communications, financial management, and third-party coordination. Specialized claims support can be critical.
- **Third-Party Liability Protection**
In many cases, cleanup is only part of the loss. Bodily injury, property damage, natural resource damages, and business interruption claims can far exceed remediation costs.

Key Education Points for Bankers

A strong banker conversation starts with education. Important discussion points include:

- **What is a pollutant?**
In practical terms, a pollutant is often anything that ends up where it does not belong. That broader understanding is essential when evaluating collateral risk.
- **Every commercial borrower has environmental exposures**
The question is not whether exposure exists—it's whether a financial assurance strategy is in place.
- **Phase I and Phase II reports are not guarantees**
Environmental due diligence is helpful, but it does not eliminate the possibility of unknown conditions or third-party claims.
- **Neighboring properties matter**
Contamination migrating onto collateralized property can reduce asset value, impair repayment, and create serious complications for lenders.
- **Tenant and vendor exposures matter too**
A borrower may lease property to tenants or hire contractors whose actions create environmental liabilities. Without financial assurance, contractual protection may be ineffective.

Why This Creates Sales Opportunities

Insurance professionals who educate bankers on environmental financial assurance create a stronger referral pathway for business.

Why? Because bankers want borrowers who can:

- Protect collateral value
- Maintain financial strength after an environmental issue
- Preserve the ability to service debt
- Avoid surprises that disrupt transactions or loan performance

When you help bankers understand how pollution insurance can fill gaps created by indemnifications and environmental reports, you make their lending strategy stronger—and create more opportunities to write business.

Coverage Solutions Banks Should Know About

Depending on the transaction or borrower profile, several environmental insurance products may add value:

- **Environmental Impairment Liability (EIL)**
Helps protect against pollution conditions tied to owned, operated, or collateralized properties.
- **Lender Liability Coverage / Secured Creditor Coverage**
Designed to help banks protect collateral value and address environmental liabilities that may arise from financed properties.
- **Property Transfer Coverage**
Helps reduce uncertainty from unknown pre-existing environmental conditions in property transactions.
- **Mergers, Acquisitions & Pollution Protection (MAPP)**
Supports transaction risk management by helping address pollution liabilities and gaps in due diligence.
- **Brownfield Redevelopment Insurance**
Can support financing and redevelopment of underutilized properties affected by actual or perceived contamination.

A Powerful Conversation Starter

One especially strong discussion point for bankers is the environmental liability created **after a fire**.

Banks require fire insurance to protect collateral—but what happens after the fire is extinguished? Water, suppression chemicals, and charred building materials can create a significant pollution condition. And under federal law, the property owner is often ultimately responsible for the environmental condition of the property. That means standard fire coverage may protect against one loss while leaving a major environmental gap behind.

The Bottom Line

TEAMing with bankers is more than a networking strategy—it's a high-value growth strategy. When you help banking professionals understand the limits of traditional environmental risk tools and the value of financial assurance, you create stronger relationships, better referral opportunities, and more written business. And most importantly, you help lenders, borrowers, and your own agency avoid the costly consequences of an environmental exposure that no one fully planned for.



TEAMing with Accountants to Drive More Insurance Sales

Accountants play a critical role in helping clients present a sound financial picture—and that makes them one of the most valuable strategic partners for insurance professionals looking to grow environmental insurance sales.

Whether preparing an audit, review, or compilation, accountants are trusted to evaluate financial accuracy, identify material risks, and strengthen confidence in a client's financial position. But in today's business environment, one major issue is too often overlooked: environmental liabilities can undermine financial certainty if no financial assurance mechanism is in place.

That creates a meaningful opportunity for insurance professionals to bring value.

Why Accountants Matter

As environmental liabilities become more visible, more expensive, and more regulated, accountants are increasingly expected to understand how environmental issues can affect financial reporting, disclosures, reserves, and business continuity.

Government rules and reporting standards can directly affect an accountant's work. If environmental exposures are missed—or their financial implications are underestimated, the accountant's own E&O exposure can increase.

That's why environmental financial assurance deserves a place in the accountant's broader risk conversation.

The Core Issue: Financial Reporting Without Financial Assurance

A company can appear financially sound on paper—yet still face a significant hidden environmental liability.

Without a clear financial assurance strategy in place, one pollution event can create:

- Cleanup obligations
- Defense costs
- Third-party bodily injury or property damage claims
- Business interruption
- Reputational harm
- Regulatory scrutiny

And when those liabilities surface, they can quickly challenge the value of even the most carefully prepared financial statements.

A Familiar Parallel: Banks Learned This the Hard Way

This issue mirrors what happened in banking years ago. Once lenders realized that environmental issues affecting collateral could become the bank's problem, environmental due diligence and financial assurance became far more important in lending decisions.

The same logic applies here: a client's environmental problem can quickly become the accountant's problem, especially when environmental risk affects valuation, disclosure, or solvency.

Environmental Financial Assurance Is Not New

Environmental financial assurance has been part of risk management for decades. Across multiple sectors, businesses already rely on tools such as:

- Insurance
- Bonds
- Letters of credit
- Escrowed funds
- Captives
- Risk retention groups

In many industries, financial assurance is not optional—it is required.

That makes this a practical business discussion, not a theoretical one.

Why This Is a Growth Opportunity

When you help accountants understand how environmental financial assurance strengthens their clients' financial resiliency, you position yourself as:

- A trusted advisor
- A financial assurance resource
- A strategic partner who helps protect both the client and the accountant's E&O exposure

And when accountants see the value, they are far more likely to bring you into conversations where environmental risk may be affecting a transaction, property, contractor relationship, or balance sheet.

Key Education Points for Accountants

A strong accountant-facing conversation should focus on a few practical ideas:

- Every business has environmental exposure: The issue is not whether exposure exists, it's whether it has been identified, evaluated, and backed by a financial assurance strategy.
- Environmental liabilities are typically severity-driven: These exposures may be infrequent, but when they occur, the financial consequences can be significant.
- What is a pollutant? A useful working definition is simple: a pollutant is something that ends up where it does not belong. That broader view helps accountants better understand how environmental liabilities arise.
- Environmental accounting is growing in importance: As regulation expands and environmental issues affect valuation, reporting, and disclosure, accountants need a stronger framework for recognizing these risks.
- Due diligence does not eliminate uncertainty: Reports and assessments are helpful—but they do not replace financial assurance.

Three Overlooked Benefits of Environmental Liability Insurance

When presenting environmental insurance as a financial assurance tool, three key benefits often resonate with accountants:

1. **Defense Costs:** Even if a client did nothing wrong, legal fees, investigations, and expert costs can be substantial.
2. **Claims Management Support:** Environmental claims often require specialized handling across compliance, communications, remediation, and third-party response.
3. **Third-Party Liability Protection:** In many cases, bodily injury, property damage, and business interruption claims far exceed the cost of cleanup itself.

Coverage Solutions Accountants Should Know About

Depending on the client's operations and transaction profile, several environmental products may add value:

- **Environmental Impairment Liability (EIL):** Helps protect property owners and operators from pollution conditions tied to scheduled locations.
- **Property Transfer Coverage:** Helps address unknown pre-existing environmental conditions in real estate transactions.

- Mergers, Acquisitions & Pollution Protection (MAPP): Supports deal certainty by helping backstop pollution-related transaction risk and diligence gaps.
- Brownfield Redevelopment Insurance: Helps support redevelopment of underutilized properties affected by real or perceived contamination.
- Contractors Pollution Liability (CPL): Helps protect against pollution conditions caused or worsened by contractors during operations.
- Professional Liability with Pollution Coverage: Can be critical for firms whose advice, design, or oversight may be implicated in pollution-related claims.
- Transportation Pollution Liability (TPL): Helps address releases of cargo during loading, unloading, and transit that are often excluded by standard auto policies.

How to Build the Relationship

A smart strategy is to start with accountants and firms that already have some awareness of environmental accounting, reporting, or transaction-related liability. These professionals are often more receptive because they already understand that environmental exposures can materially affect financial outcomes.

When you show them how environmental insurance can:

- Support client solvency
- Protect against unexpected liabilities
- Improve transaction confidence
- Reduce professional liability concerns

—you create a compelling reason for them to bring you into future opportunities.

The Bottom Line

TEAMing with accountants is more than a referral strategy—it’s a credibility and growth strategy. When you help accounting professionals understand how environmental financial assurance protects their clients, strengthens financial planning, and reduces E&O exposure, you become more than an insurance producer, you become a strategic risk partner.

And that leads to stronger relationships, better client outcomes, and more written business.



TEAMing with Realtors to Drive More Insurance Sales

Real estate professionals play a pivotal role in every transaction—and that makes them one of the most valuable strategic partners for insurance professionals looking to grow environmental insurance sales.

Licensed Realtors have a professional duty to disclose material facts and help clients navigate risk. In today's transparent business environment, that increasingly includes **environmental exposures and liabilities**. When those issues are overlooked, the result can be failed transactions, unhappy clients, and costly E&O claims. That creates a meaningful opportunity for insurance professionals to add value.

Why Realtors Need This Conversation

Historically, many real estate transactions have relied on environmental indemnifications in purchase agreements as if they were ironclad protection. But experience has shown that an indemnification without a **financial assurance mechanism** behind it—such as insurance, escrow, a bond, or a letter of credit—may offer little real value when an environmental issue surfaces.

That matters because environmental problems do not just threaten the transaction—they can also threaten:

The value of the property

- The financing behind the deal
- The buyer's long-term investment
- The Realtor's own E&O exposure

The Education Gap Creates Opportunity

So why has the real estate profession often been slow to adopt environmental financial assurance strategies? In many cases, the answer is simple: **lack of environmental education**.

This is where insurance professionals can step in as trusted advisors.

By helping Realtors better understand how to manage and transfer environmental exposures, you help them:

- Better protect their clients
- Reduce the chance of undisclosed liabilities derailing a deal
- Strengthen their professional value
- Lower their own E&O exposure

A Practical Starting Point: What Is a Pollutant?

One of the best ways to start the conversation is with a simple question: **What qualifies as a pollutant?**

Traditional transaction language often lists examples like smoke, vapors, soot, fumes, and acids. But in practice, the concept is much broader. A useful working definition is:

A pollutant is a material, substance, or product that ends up where it does not belong.

That framing helps Realtors better understand why environmental risk can be tied to everyday operations, building systems, neighboring properties, historical site use, and even routine transactions.

Why This Matters in Real Estate

A leading source of E&O claims against real estate professionals is the **failure to disclose environmental issues or material conditions**.

Potential exposures can include:

- Mold and Legionella
- Vapor intrusion
- Asbestos and lead-based materials
- Category 3 water and indoor environmental hazards

- Stormwater runoff
- Natural resource damages
- Leaking aboveground or underground storage tanks
- Illegal dumping or buried waste
- Historical contamination
- Pollution migrating from neighboring properties

The bottom line: every transaction carries its own environmental risk profile.

Due Diligence Has Limits

Many real estate professionals assume environmental due diligence—such as Phase I and Phase II site assessments—eliminates most of the risk. It does not.

Environmental due diligence can be valuable, but it is not a guarantee. It may support certain legal defenses, but it does not shield a property owner from all third-party claims. And if contamination is discovered after the deal closes, the client may still face major financial consequences.

That's why environmental insurance can play such an important role: it helps provide **financial assurance when due diligence alone is not enough**.

Where Insurance Professionals Add Value

When you TEAM with Realtors effectively, you position yourself as:

- A trusted advisor
- A financial assurance specialist
- A strategic risk partner
- A resource that helps protect both the client and the Realtor's reputation

You are not just offering another policy, you are helping Realtors guide clients through cleaner, smarter, more secure transactions.

Overlooked Benefits of Environmental Liability Insurance

Many real estate professionals think first about cleanup costs. But environmental losses are typically **severity-driven, not frequency-driven**, and cleanup is often only part of the total exposure.

Three especially important benefits of environmental liability insurance include:

1. **Defense Costs**
Even if no wrongdoing occurred, clients can still be pulled into litigation and face significant legal and investigative expenses.
2. **Claims Management Support**
Environmental claims often require specialized coordination around communications, compliance, emergency response, remediation, and third-party issues.
3. **Third-Party Liability Protection**
Bodily injury, property damage, business interruption, and natural resource claims can far exceed the cost of remediation itself.

Coverage Solutions Realtors Should Know About

Depending on the transaction, several environmental insurance products may add meaningful value:

- **Property Transfer Coverage**
Helps protect against unknown pre-existing environmental conditions discovered after closing and can support financing and deal certainty.
- **Mergers, Acquisitions & Pollution Protection (MAPP)**
Helps backstop environmental liabilities and diligence gaps in transactions involving representations and warranties.
- **Environmental Impairment Liability (EIL)**
Helps protect owners, developers, and investors from pollution conditions tied to owned, leased, or operated properties.
- **Transportation Pollution Liability**
Helps address pollution exposures tied to the loading, unloading, and transportation of materials or waste.
- **UST Financial Assurance Solutions**
Helps owners of regulated underground storage tanks meet financial responsibility requirements with more predictable protection than some state fund alternatives.

The Bottom Line

Realtors need to know whether they are helping clients buy an asset—or inherit an environmental liability. When insurance professionals educate real estate professionals on how to identify, manage, and transfer environmental exposures, they do more than support a transaction—they help protect value, reduce E&O exposure, and create stronger referral relationships. That is why TEAMing with Realtors is more than a networking strategy—it is a practical, high-value growth strategy.



High-Net-Worth Insureds: A Crossover Opportunity with Major Growth Potential

High-net-worth (HNW) insureds represent one of the most attractive and strategically important classes of business for insurance professionals. Their complex needs often span personal lines, commercial lines, life, health, and specialty coverages—creating exceptional opportunities to deepen relationships, round out accounts, and drive meaningful premium growth.

Why HNW Insureds Are Different

Traditional insurance models often force HNW clients into either a personal lines or commercial lines framework. But in reality, HNW insureds are a **true crossover class of business**—with exposures that frequently extend across both.

From private residences and investment properties to yachts, aircraft, ranches, golf courses, and privately held businesses, HNW clients often have a broad and interconnected risk profile. That complexity can create coverage gaps when insurance strategies are built in silos.

One of the most overlooked gaps? **Pollution and environmental liability exposures.**
An Overlooked Exposure with Real Financial Consequences

Because of the scale and diversity of their assets, HNW insureds can face a wide range of environmental risks—many of which are not fully addressed by standard property and casualty policies that contain limited pollution coverage or absolute/total pollution exclusions.

That creates a clear need for a more specialized solution.

The ERMI HNW Pollution Liability Program

The HNW Pollution Liability Program is designed to help close those coverage gaps and deliver a more complete environmental risk transfer strategy for affluent insureds.

This program gives insurance professionals a unique way to address one of the most underinsured areas in the HNW market—while positioning themselves as a more strategic advisor.

Why This Matters for Agencies

For retail agencies, the ERMI HNW Pollution Program creates an opportunity for a hybrid commercial / personal lines team around a single, high-value solution.

That means you can:

- Strengthen account rounding
- Create cross-selling opportunities across multiple departments
- Deliver broader, more tailored protection
- Increase client retention and account value
- Differentiate your agency in a competitive HNW marketplace

In short, this is more than a niche coverage conversation, it's a smarter growth strategy.

A Better Way to Protect Clients—and Your Agency

Helping HNW clients understand their environmental exposures does more than protect their assets. It also helps reduce your agency's E&O exposure.

If environmental liabilities are never discussed and a loss occurs, the client may discover they were effectively self-insuring a major exposure. At that point, the only policy left in the conversation may be the agent's E&O coverage.

That's why proactive education matters.

The Cross-Selling Advantage

One of the biggest advantages of the ERMI HNW Pollution Program is its ability to support **cross-selling across personal, commercial, life, and health lines.**

Most agencies leave premium on the table simply because they are not fully educated on the environmental exposures affecting affluent clients. ERMI's educational approach helps agencies uncover those risks, create more informed client conversations, and identify opportunities that might otherwise be missed.

The Key Client Conversation

Once an HNW insured understands their environmental exposures, the conversation becomes straightforward:

Does it make financial sense to transfer these liabilities for fractions of a cent on the dollar—or retain the risk and potentially pay 100 cents on the dollar out of pocket after a loss?

That includes potential costs such as:

- Legal defense
- Cleanup and remediation
- Third-party bodily injury
- Third-party property damage
- Third-party business income
- Emergency response
- Investigation and disposal costs
- Claims management

The Bottom Line

High-net-worth insureds are not just another desirable account segment—they are a major business-development opportunity for agencies that understand how to serve their crossover risk profile. The ERMI HNW Pollution Liability Program helps fill a meaningful protection gap, unlocks powerful cross-selling opportunities, and positions your agency as a trusted advisor capable of delivering smarter, more complete risk management solutions.

[Go to ermi.us](http://ermi.us) to download a copy of the ERMI HNW Environmental Play Book



Certified environmental Strategist (CeS)

Please share this competitive environmental intelligence with fellow commercial insurance professionals and CIC's, we want to make sure you stay ahead of the competition.

Rough Notes Magazine article on Four Things Insurance Professionals Should Know About “Forever Chemicals”: <https://roughnotes.com/about-forever-chemicals/>

The following link will share with you the benefits of raising your professional bar by becoming a Certified environmental Strategist (CeS) via The National Alliance (scic.com) On-Demand training: <https://www.scic.com/certified-environmental-strategist/>

At estrategist.com we have posted a free webinar which offers an overview and insights on the benefits of raising your professional bar by becoming a CeS.

Comment from a CeS on The National Alliance On-Demand training: I recently completed the Certified Environmental Strategist course through the National Alliance and was pleasantly surprised! At the risk of sounding special, I've been doing environmental insurance for over 30 years and thought I was pretty darn knowledgeable. However, there was plenty of new and creative information offered up in this course. Combine that with broadening risks in the environmental field these days and this course was well worth the time and money! More and more industries are becoming open to environmental exposures especially with the advent of PFAS. Now more than ever professional insurance brokers need to be aware of these exposures to service their clients properly.



ERMI General Topics and Team Support

Sustainability is Just Another Term for Risk Management

- How do your clients buy their raw materials, FOB point of shipment or FOB point of delivery?

You can provide options to your insured on how to best manage their exposure.

1. *Buy your products FOB point of delivery*
2. *Legal agreement that transfers risk to the transporter until your product is delivered & offloaded*
3. *Only deal with a transporter that carries transportation pollution liability insurance*
4. *Sell your client a policy that covers them while third parties are transporting their goods*

Vapor Intrusion

- When vapors travel through the ground, surface, or air and contaminates a property and/or building. “Who are your neighbors” Phase I; Minimum 2-mile radius. Our figures show that in excess of 50% of all phase-1 reports are inaccurate. **Who are your neighbors?** EPA Enviro Mapper <http://www.epa.gov/emefdata/em4ef.home>

Storm Water Runoff

- **(Home Depot & Wal-Mart)** Under federal law, the owner of a property is ultimately responsible for the environmental condition of the property regardless of who caused the environmental problem.

Other Exposures

- **Vandalism**
- **Language Barrier:** *Tyson Foods (use pictures for training)*
- **Software Malfunction:** *Princess Cruise Lines*

“Limited” Pollution Liability Coverages Limits the Insurance Carrier’s Exposure

- Inadequate limits
- Strict discovery & reporting requirements, and lots of exclusions

- Sudden & Accidental Coverage **vs.** Sudden & Gradual Coverage

Coaching Support

- **Environmental Risk Assessments (eRA):** To educate your clients on their environmental exposures, we have created environmental risk assessments for over 50 classes of business. If we do not already have a Risk Assessment for a class of business you work with, we'll gladly put one together for you.
 1. *Potential environmental exposures impacting that class of business*
 2. *Environmental loss example for that class of business*
 3. *Brief explanation of environmental insurance products appropriate for that class or business*
- **Website Reviews:** For insureds with unique operations and/or exposures
- **Conference Calls:** We are always available to conference call with you and your insureds

Sales Strategies

- **Prospect for New Business 90-Days After Renewal**
- **Inspect Your Client's Suppliers and Vendors**
 1. *Is this a business that my client should be working with?*
 2. *Is this a business that I would like to work with?*
- **Master Policies:** for groups that share a commonality, such as industrial parks, associations, risk retention groups, captives, and co-ops. The group shares the coverage and limits. They also share in the premium.
- **Add Pollution Liability Insurance as an Offered Product on your Company Website! Use environmental Risk Assessments (eRA) to build content.**

Submission Marketing

90% of the time the two coverages you will deal with are either Environmental Impairment Liability or Contractors Pollution Liability.

- **Environmental Impairment Liability (Site Specific):** can cover both new and pre-existing unknown conditions, minimum premium starts at \$2,500, and multi-year terms provide annual discounts for the insured.
- **Contractors Pollution Liability (CPL):** covers the insured for operations away from any site they own, rent, lease, or occupy, and minimum premium starts at \$1,200.

- We work with over 30 environmental carriers, allowing us to provide timely/competitive quotes
 - **Current environmental insurance market condition:** So many businesses are struggling to find employees and the environmental insurance industry is no different. Never have environmental insurance carriers / Big Box wholesalers struggled to find experienced / knowledgeable underwriters like they are today. Teaming up with an experienced, specialty environmental wholesale partner is more important than ever. While you can go direct to some environmental insurance carriers, our experience shows if you are not in the environmental space every day, you might not be delivering the best or correct product to your client's and that can create an E&O exposure.

Our goal is to be your preferred resource & team member for all things environmental!

www.ermi.us