



**environmental  
Strategist**

# High Net Worth Environmental Playbook

Prepared By Coaches:

**Brooks Bunbury, eS**

[brooks@ermi.us](mailto:brooks@ermi.us) Phone: 231-218-1044

**Chris Bunbury, eS**

[chris@ermi.us](mailto:chris@ermi.us) Phone: 231-218-1041

Environmental Risk Managers, Inc. [ermi.us](http://ermi.us)  
Environmental Strategist [estrategist.com](http://estrategist.com)

# ENVIRONMENTAL STRATEGIST (ES) HIGH NET WORTH PLAYBOOK

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# High Net Worth (HNW) Environmental Playbook Strategy

The Environmental Strategist (eS) High Net Worth (HNW) Environmental Playbook is designed to help you grow insurance sales while reducing E&O exposure by equipping HNW insureds with a clear understanding of the financial realities of pollution protection. When positioned correctly, environmental coverage becomes a measurable driver of stronger balance sheets and more resilient long-term planning.

Because of the scale and complexity of their assets, HNW individuals face a broad range of environmental exposures—from aircraft, yachts, and automobiles to real estate portfolios and business holdings. As part of best-practice risk management, they need a financial assurance strategy to address the environmental liabilities created by the very resources they've built.

This playbook is built to coach you and your HNW insureds through the decision of whether to transfer environmental risk through insurance or retain it through self-insurance. It provides a practical framework for evaluating exposures, aligning coverage with risk tolerance, and selecting a defensible environmental financial assurance plan.

Today, most HNW insureds do not realize they are already self-insuring environmental liabilities. Proactively coaching them on identifying, managing, and transferring these exposures positions you as a strategic partner and trusted advisor—while strengthening documentation and reducing the likelihood of E&O concerns if an environmental loss occurs.



## Environmental Strategist (eS) Process to Effectively Sell Environmental Insurance

**Fact:** Every High Net Worth (HNW) insured has environmental exposures. Environmental insurance is a financial assurance strategy that can reduce—or eliminate—the financial impact of uncertain future environmental liabilities.

### Step #1: Education

Education is the solution to pollution—not dilution. If an insurance professional isn't environmentally educated, environmental exposures won't be identified, discussed, or insured. The same is true for HNW insureds: if they don't understand the exposure and the potential financial consequences, they won't see the value of investing in pollution liability insurance. With eS educational resources, insureds can focus on the risks most relevant to their assets and likely future outcomes. An environmentally educated insured is better positioned to make informed decisions about the structure of their financial assurance strategy—and whether transferring risk via pollution insurance creates measurable value. **Resources:** [www.ermi.us](http://www.ermi.us) | [www.estrategist.com](http://www.estrategist.com)

### Step #2: Environmental Risk Tolerance

Environmental risk tolerance is the level of environmental liability an HNW insured can financially absorb without disrupting their overall plan. What costs are acceptable—and what is unacceptable—when it comes to legal defense, environmental investigations, cleanup, third-party bodily injury, third-party property damage, third-party business income loss, reputational impact, and first-party business interruption? Because every HNW insured has environmental exposures, best practices require a defined environmental financial assurance strategy.

### Step #3: Risk Appetite

Risk appetite is how much environmental risk an HNW insured *chooses* to retain (self-insure) based on their goals, objectives, and risk/return preferences. Environmental liabilities are typically a severity—not frequency—issue. Understanding risk appetite helps guide how resources should be allocated between prevention, retention, and transfer through insurance.

### Step #4: Merge Insights from Steps 1, 2 & 3

Use the education, risk tolerance, and risk appetite gathered in Steps 1–3 to answer one core question: “Within the insured’s environmental financial assurance strategy, does it make fiscal sense to transfer environmental exposures for fractions of a cent on the dollar through a High Net Worth pollution program—or wait for an uncertain environmental loss and pay 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 loss, and reputational impact?”

### Step #5: Complete the ERMI HNW Insured Application

If the answer is “yes” to transferring the insured’s environmental exposures, the next step is to complete the High Net Worth environmental application so underwriting can evaluate the risk and issue terms.

## Step #6: Educate, Review, Compare & Close

After marketing is complete and proposals are received, your final step is to educate the insured on the benefits, key coverages, and meaningful differences across options. A clear, side-by-side review helps the insured select the best investment for their objectives—and helps you earn the decision and close the deal.

## environmental Risk Assessment (eRA) High Net Worth

**Purpose:** *This eRA will educate those of High Net Worth so they can make informed decisions on how they want to manage and / or transfer the environmental exposures impacting their resources based upon their risk tolerance.*

The High Net Worth eRA comes in three parts:

1. Review of environmental exposures impacting your resources.
2. Environmental loss examples
3. Environmental insurance coverages to consider as part of your risk transfer strategy.

**Summary:** Simply due to their resources, the one percenters with a High Net Worth (HNW), are impacted by a variety of environmental exposures. As with commercial businesses, the clear majority of HNW insureds are not aware they are self-insuring their environmental liabilities.

Since environmental liabilities tend to be a severity versus frequency issue, they can have a negative financial impact on HNW insureds. That is why part of “Best Practices” for those of HNW involves a financial assurance strategy to address the environmental exposures created by their resources.

### What is a Pollutant?

A material, substance, product... 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. What pollutants are impacting your resources?

### Part #1: Environmental Exposures Impacting Those Of HNW

**Common environmental exposures impacting those of High Net Worth include:** Natural Disasters (Fires, Floods, Hurricanes, Tornados, Earthquakes...); PFAS Chemicals; Pollution from neighboring properties migrating onto yours; Real estate tenants using or storing environmentally sensitive materials, chemicals, waste....; Mold; Real estate with historical environmental problems; New Construction and remodeling; Air craft, auto, water craft storage / use / maintenance; Privately owned businesses with environmental exposures due to operations or products produced (i.e. golf courses, agricultural / ranching, manufacturing, hotels / resorts, auto dealer and repair facilities, marinas...); Vendors such as contractors (i.e. HVAC, electrical, plumbing, painting, septic), domestic help, landscapers / maintenance, pool cleaning / maintenance, caterers, boat captains, aircraft pilots...); Storm water runoff; Leaks from elevator hydraulic fluid storage tanks; Impacting sensitive areas such as wetlands or endangered species; Natural resource damages; Sick building syndrome; Above ground or underground storage tanks; Adverse reactions and interactions of chemical compounds that accidentally commingle during a fire; Farm/garden/lawn fertilizers, herbicides, pesticides...; Easements (utilities, oil, gas...) that cross your property which may leak or spill hazardous materials; Fuel for backup power generators; Asbestos; Lead; Vandalism; Vapor intrusion....

## Part #2: Environmental Loss Examples

1. Priscilla Presley and Joel Weinshanker along with the Presley Family and Authentic Grands Group own the right to Graceland Operations. 9 people staying at the Guest House at Graceland Hotel were sickened from Legionnaires. The Hotels swimming pool and hot tub both tested positive for the Legionnaires bacteria. Legionnaire disease is a severe form of pneumonia caused by Legionella Bacteria sometimes found in waste systems. It is typically contracted by breathing mist from the waster that contains it.
2. The EPA reached settlement with privately held real estate developer Lightstone Group to spend approximately \$20 million to clean up 3.4 acres of land in their planned 700 residential unit development. The land has a historical past having housed a manufactured gas plant, mills, tanneries and chemical plants. The settlement agreement, known as the Bona Fide Prospective Purchaser (BFPP) performing removal work agreement, provide liability relief for the prospective purchasers under CERCLA in exchange for cleanup work which may otherwise fall upon EPA to perform.
3. A remodeling contractor was reconditioning a tile floor in a home undergoing extensive renovations. The workers inhaled toxic vapors from the sealants used in the reconditioning process. Several subcontracted workers in the home filed bodily injury claims totaling \$125,000 against the contractor who did not have a contractor's pollution liability insurance policy and pollution was excluded from their commercial general liability policy. The homeowner paid for part of the claims.
4. An English speaking but not English reading employee accidentally mixed non-compatible chemicals for cleaning. The fumes from the chemicals forced the evacuation of all the building tenants while decontamination took place. Third party bodily injury, property damage and business interruption claims against the building owner exceeded \$1,000,000.
5. A restaurant was subject to cleanup costs and business interruption expenses when a contractor they hired for an addition ruptured an unmarked petroleum pipeline. The contractor did not have Contractors Pollution Liability insurance. Total costs exceeded \$300,000. Lawsuits filed against the contractor caused for the contractor's bankruptcy so the property owner with the deep pockets paid the costs.
6. An automobile dealership had a wash bay's piping system that released a substantial amount of cleaning solvents into soil and ground water. Overtime this caused ground water contamination and the cost to remediate the cleaning solvents, soil and ground water was \$250,000.
7. During the installation of a geothermal heat pump system, the contractor punctured an unmarked natural gas line causing gas to release from the pipe. Emergency response costs exceeded \$125,000 for the homeowner since the contractor did not have a financial assurance mechanism in place to meet the environmental indemnification agreed to in the construction contract.
8. A real estate limited partnership, acquired property previously used for farming on which they planned to build a mall. The firm hired an environmental 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.
9. 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 \$1,500,000 for investigation, remediation, defense and third party bodily injury, third party property damage and business interruption claims.

10. It was never determined how a yacht at a marina caught on fire. Because of the fire, neighboring boats also caught on fire. Fire departments responded to the fires and after the fires were put out the resulting environmental damage cost the yacht owner more than \$2,000,000 in fines, penalties, cleanup, business interruption....
11. A resort was hosting a convention. Several attendees got sick and were rushed to the hospital. It was determined the resort HVAC system had an outbreak of legionnaires disease. Claims for third party bodily injury, clean up... has exceeded \$10,000,000.
12. A horse racing track was subject to Clean Water Act Violations for disposing of process waste water into storm drains which contaminated a nearby bay. They will pay a \$150,00 fine and spend more than \$2,000,000 correcting the problem.
13. Upon arriving to their summer residence, the homeowners discovered a water pipe burst during the winter and the basement was flooded. When the homeowners contacted their caretaker, they learned he had been sick during the winter and unable to check on the cottage. The mold remediation took several weeks and since the homeowners had a mold exclusion on their homeowner's policy and the former caretaker did not have any money, the homeowner paid more than \$100,000.
14. 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.

## Benefits of HNW Pollution Insurance

The one question for those of HNW to answer regarding self-insuring or transferring their environmental exposures via HNW Pollution Insurance is quite simple.

*Question:* Based upon your risk appetite / tolerance, does it make fiscal sense to transfer your environmental liabilities for fractions of a cent on the dollar to HNW pollution insurance or wait until an environmental loss occurs and spend 100 cents on the dollar out of your own pocket for legal fees, third party bodily injury, cleanup costs, third party property damage, third party business income, emergency response / investigation / disposal costs, claims management...?"

### 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 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:** Most 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.

## Part #3: Environmental Liability Insurance for HNW Insured's To Consider

**ENVIRONMENTAL IMPAIRMENT LIABILITY (EIL):** EIL, sometimes referred to as Pollution Legal Liability (PLL), Property Pollution Liability (PPL) 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 expense, on and off-site cleanup costs, legal defense expenses, non-owned disposal sites, transportation, emergency response and more. EIL can be offered

on multiyear terms. Most EIL policies cover above ground storage tanks. Underground storage tanks can be covered with EIL.

## **Property Transfer Coverage**

When buying or selling property there can be unknown preexisting environmental conditions. Since environmental due diligence (Phase I, Phase II...), cannot guarantee uncovering all potential environmental liabilities there is property transfer insurance. Property Transfer 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 can also protect the insured should a third party have contamination that migrates onto an insured site. You can cover multiple locations on a single policy and the policy is generally written on a multi-year term.

**Note:** *For real estate owners it's critical to understand that under Federal law, the property owner is ultimately responsible for the environmental condition of their property, regardless of who / what created the environmental liability.*

**Contractors Pollution Liability (CPL):** For those of HNW to protect themselves from vendors they hire there is Contractors Pollution Liability (CPL) insurance. CPL protects the insured contractor 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, asbestos, defense outside the limits, off-site disposal coverage, emergency response costs....

A major environmental liability exposure faced by all contractors lies in the subcontractors they hire to do work for them. 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?

**Note:** *In the commercial business environment, contractors carrying contractor's pollution liability insurance is typically acceptable. For those of HNW, eS feels your strategy should be to take out an Owner Controlled Contractors Pollution Liability (OCCPL) to cover the variety of vendors you have performing services for you from domestic help, landscapers, contractors, boat and aircraft pilots / crew.... This will not only be more cost effective but as the first named insured you are the only one who can make changes to the policy. Also, by filling out the warranty application you are assured the appropriate coverage is in force for the vendors performing services for you.*

**TRANSPORTATION POLLUTION LIABILITY (TPL):** Generally, transportation policies exclude pollution losses arising from spills or other releases from transported cargo. TPL affords coverage during the loading, unloading and transportation, for a spill, release or sudden upset and overturn of transported cargo in a conveyance for road, rail, water or air.

**UNDERGROUND STORAGE TANKS (UST):** Financial responsibility requirements ensure that owners and operators of regulated 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.

**AVIATION POLLUTION LIABILITY:** Typically, aviation insurance policies will cover pollution liabilities for an aircraft while in motion / operation but not while idled / parked. It's not uncommon for hanger leases to contain an environmental indemnification clause where the aircraft owner is indemnifying the hanger owner for environmental liabilities. HNW pollution insurance can protect aircraft owners from this exposure.

**MARINE POLLUTION LIABILITY:** Marine policies often cover pollution losses for fluids necessary for the operation of the insured watercraft for a covered cause of loss but what about spills from fuel storage for the water toys? HNW pollution insurance can protect you from pollution losses not typically covered on your marine / yacht insurance policy. It's not uncommon for yacht owners to purchase fuel directly from a local distributor not a marina. Who is responsible should there be a spill while fueling the yacht from the fuel truck?

**EMERGENCY RESPONSE COSTS:** Should an environmental release occur you must immediately notify environmental regulators and take action to address clean up, investigation, transportation, disposal, third party property damage, third party bodily injury costs and much more. These are often referred to as emergency response cost and HNW pollution insurance can protect you from this exposure.



## High Net Worth Pollution Insurance Needs

**Fact:** Pollution liabilities are typically a **severity**—not frequency—risk, and a single event can create catastrophic financial impact for high-net-worth (HNW) insureds.

**Fact:** Many HNW clients have outgrown the limits, definitions, and exclusions found in traditional personal and commercial insurance programs.

**Fact:** Environmental exposures are a clear example of how wealth can outpace conventional coverage—often leaving hidden gaps until a loss occurs.

Today's HNW clients need purpose-built protection that extends beyond standard personal and commercial policies—coverage designed for complex assets, higher stakes, and modern environmental liabilities.

**Question:** If an environmental loss happens tomorrow, are your client's current personal and commercial policies structured to respond—or will they be left to fund defense, cleanup, and third-party claims out of pocket?

HNW pollution insurance can help protect against the following loss scenarios—covering costs that traditional personal and commercial policies may leave behind.

### Environmental Loss Examples

1. A HNW insured purchased a piece of property to build a residence. During excavation, oily smelling soil was encountered. Investigation revealed the source of the contamination was an old unknown dump site on a former farm, now part of an affluent residential community. The HNW insured paid \$150,000 to clean up their property and their attorneys were investigating possible restitution options.

2. Environmental exposures created by motor craft (car, boat, Plane) restoration. A car collector had a private garage where he restored and stored his car collection. To fuel the vehicles there was a 1,000 gallon above ground storage tank. While moving a vehicle the above ground tank was accidentally hit spilling its contents. The fuel ran off the asphalt into the ground and a nearby creek. Cost for remediation and natural resource damages was \$250,000.
3. It was never determined how a yacht at a marina caught on fire. Because of the fire, neighboring boats also caught on fire. Fire departments responded to the fires and after the fires were put out the resulting environmental damage cost the yacht owner more than \$2,000,000 in fines, penalties, cleanup, business interruption....
4. A condominium was being renovated. Tenants in the building complained about exposure to dust and other airborne toxins. Tenants filed suit against the condominium owner and contractor for bodily injury from airborne contaminants entering the ventilation system.
5. Some residents in an upscale residential development were getting sick. After extensive investigation, it was discovered a chemical release from a nearby former dry-cleaning business was migrating via vapor intrusion into residences.
6. A condominium complex with an underground parking garage was in the path of a hurricane. As a result of the heavy rains, the lower level of the parking garage was flooded. The flooding caused backup of sewage as well as gasoline and other automotive fluids released from the vehicles in the garage. Cleanup was required by property owners.
7. New construction was taking place on a previously undeveloped parcel of land. During excavation, contaminated soil was discovered. The owner had to remediate the site before construction could continue. It was later discovered the contamination had migrated onto the property from a former boat yard property that had been torn down and out of business for decades. Remediation costs exceeded \$500,000 for the property owner.
8. Several owners in a private residential community were experiencing health issues. During investigation it was discovered that some utilities in the houses such as electrical connections were corroding and could potentially cause a fire. Testing revealed the dry wall contained contaminants not found in dry wall. The manufacturer of the dry wall was a Chinese business. Multiple lawsuits have been filed for multi-million dollar claims for bodily injury, property damage, diminution in property values and more.
9. After moving into their new home residents became ill. Testing revealed several flooring materials contained alarmingly high concentrations for formaldehyde. Flooring had to be replaced but since the contractor did not have the proper pollution coverage the homeowner had to pay for the replacement and was suing their general and subcontractor for replacement costs along with bodily injury, property damages and extra expense for delays in construction.
10. Due to an unusually strong windstorm, waves broke through a retaining wall at several waterfront residences. Sediment blocked the canal and caused natural resource damages to a wetland. Cost for restoration and cleanup exceeded \$300,000.
11. A drilling contractor caused a release of raw sewage into both soil and ground water after failing to identify a sewer line before drilling. The clean up entailed the excavation of several tons of impacted soil and impacted other residential neighbors when their basements filled with sewage.
12. A real estate limited partnership acquired property previously used for farming on which they planned to build a mall. The firm hired an environmental 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.

**Fact:** If you haven't implemented an environmental financial assurance strategy for your HNW clients, a pollution claim could expose a coverage gap—and your E&O may become the only policy left to respond.



# Mergers, Acquisitions and Pollution Protection (MAPP)

## **MAPP: M&A Representation & Warranties Insurance with Pollution Liability Insurance.**

Key to any acquisition is the correct valuation and effective due diligence, and MAPP operates as a backstop against issues that the diligence or valuation processes may not be able to identify.

As a financial assurance mechanism for M&A's, pollution liability insurance has become part of "Best Practices". Representation & Warranties (R&W) insurance is proving its value for M&A's much the same as pollution liability insurance has.

R&W insurance is designed expressly to provide insurance coverage for the breach of a representation or a warranty contained in a Buy / Sell Agreement, in addition to or as a replacement for all or most of the sellers contractual representations and warranties.

As we have learned from environmental indemnifications in transactional documents, if there is not a pre-determined financial assurance mechanism in place, the environmental indemnification the seller agrees to may not be worth the paper the agreement is written on. MAPP has raised the bar on financial assurance for M&A deals.

The insurance industry has learned that one out of every four deals has at least one claim of a breach of the reps and warranties. In the past, the response has been let's try to negotiate around the problem. Unfortunately, negotiating often is expensive, time-consuming and rarely brings about the most desirable outcomes for the parties involved.

MAPP delivers a cost-effective way to transfer R&W and pollution liabilities to a financially stable third party. Some of the benefits include:

### **Sampling of MAPP Buyer benefits:**

- Makes your deal more attractive to seller by using MAPP to take place of reps and warranties in buy sell agreements.
- In a competitive bidding process MAPP can separate you away from the competition.
- For distressed transactions in which the buyer is concerned with the credit worthiness of the seller MAPP lets them know there is a financial assurance mechanism in place backed by a financially stable insurance carrier.
- For Public M&A deals they buyer can use MAPP coverage versus depending upon the publicly held entity taking responsibility and getting taxpayers involved.
- MAPP covers costs such as defense, fees and expenses incurred by the insured, along with third party BI & PD including business interruption, pollution, emergency response costs, transportation pollution, Non-Owned Disposal Sites and so much more.
- This is first party coverage for the buyer meaning they recover their losses from the insurance carrier for a seller's breach in the buy sell agreement.
- Can protect the buyer if they rely upon inaccurate R&W when calculating the value of a target company.

- Independent third parties to confirm the accuracy of the work your M&A team has performed.

#### **Sampling of MAPP Seller benefits:**

- Seller liability is minimized.
- Selling price is supported because the successor liability is minimized.
- Reduces cost of capital tied up by sellers escrow thus distributing monies faster so MAPP delivers up front benefits without a claim taking place.
- Addresses tax contingencies should the seller not want to provide an indemnity or financial assurance for this potential risk.
- R&W coverage allows the seller to file a claim with the insurer for a claim from the buyer alleging a R&W breach.

A Buyer / Seller benefit of MAPP is it gets deals closed that might otherwise hve not closed.

Reduces cost of capital tied up by sellers escrow so the insurance can deliver up front benefits without a claim taking place.

Available to both assets deals and stock deals.

#### **Items of the purchase agreement MAPP can insure:**

Ownership structure; Accuracy of financial statements; No undisclosed liabilities; Status of known litigation or liabilities or statement of no material litigation; Insurance; Relationship status with customers and suppliers; Employee relationships; Compliance with laws; No material adverse changes; Title to share; Capitalization and authority; Employee benefit plans; Intellectual property; Taxes; Personal property; Environmental matters; Contracts.

## Competitive Environmental Intelligence

This section of the eS Environmental Playbook delivers competitive environmental intelligence designed to help you position environmental financial assurance as a best-practice strategy—and a clear value-add for your clients.



### **Why Reputational Risk & Emergency Response Coverages Matter for High Net Worth (HNW) Clients**

HNW pollution coverage can extend beyond cleanup and third-party liability to include two powerful protections: **Reputational Risk** and **Emergency Response Costs**—helping clients protect both their balance sheet and their public profile.

For many HNW clients, an environmental incident quickly becomes more than a claim—it can become a headline. Regulatory attention, media coverage, and community pressure can escalate fast, amplifying costs and complications. That’s why these added coverages can be critical.

**Reputational Risk (Image Restoration) Coverage:** Helps clients proactively manage communications, contain negative exposure, and rebuild confidence after a covered environmental event. Carriers may provide

specialized resources so the insured has an experienced partner to help protect reputation and mitigate the financial impact of reputational harm.

**Emergency Response Costs:** Covers eligible expenses for immediate response, investigation, and remediation when a pollution condition demands urgent action—helping reduce overall severity and limit further damage.

The goal is simple: mobilize qualified remediation professionals immediately—without waiting for delays that can increase the size, scope, and cost of an environmental loss.

In today’s environment, HNW clients should understand why carriers offer these enhancements: speed and reputation protection can materially change outcomes. Even clients who choose to retain environmental risk should still implement a defensible financial assurance plan—or risk significant financial and reputational fallout.



## **Michael Jordan-Owned Golf Course Allegedly Pollutes St. Lucie River—A Reminder of the Hidden Environmental Risks Facing High Net Worth Clients**

**Headlines like this are more than news—they’re a real-world risk lesson.**

Beyond the reputational impact, the bigger takeaway for high net worth (HNW) insureds is this: environmental liability often originates with the contractors and vendors they hire. A defensible environmental financial assurance strategy helps protect assets, reduce surprise out-of-pocket loss, and support better risk governance across projects and properties.

Consider what happened when Home Depot and Walmart faced multimillion-dollar fines tied to stormwater runoff at construction sites. They weren’t acting as builders—those exposures flowed through the third parties they hired. That same “vendor-created liability” dynamic is what can turn a project into a costly event (and headline) for an owner.

In response, both companies tightened their financial assurance requirements—mandating proof of Contractors Pollution Liability (CPL) coverage before contractors could begin work.

If global brands require this level of protection to safeguard their balance sheet and reputation, HNW clients should expect the same discipline—especially when multiple vendors are operating across homes, estates, and specialty assets.

When pollution exposures go unidentified or unaddressed, coverage gaps can surface at the worst possible time. Proactively discussing environmental risk—and putting an environmental financial assurance strategy in place—helps protect the client and reduces the likelihood that an E&O claim becomes the only path to recovery after an environmental loss.

[https://www.youtube.com/watch?v=jXxo\\_G5kAdY](https://www.youtube.com/watch?v=jXxo_G5kAdY)



## **Robert Kraft (New England Patriots) and the Paper Mill Odor Complaints: A High-Net-Worth Environmental Exposure**

HNW pollution insurance was built to address the real-world environmental exposures that come with complex personal and commercial holdings. A recent example: Robert Kraft, owner of the New England Patriots, invested in a paper mill in South Carolina—an asset that has reportedly generated more than 30,000 odor complaints.

For high-net-worth clients, environmental risk can surface from unexpected places—and the financial and reputational impact can be significant. What environmental financial assurance strategy have you put in place for your HNW clients? HNW pollution insurance provides a purpose-built alternative to self-insuring these exposures.

<https://www.insurancejournal.com/news/southeast/2021/08/17/627493.htm>



## **EPA Agreement with Chip & Joanna Gaines (“Fixer Upper”): A Real-World Reminder of Lead Liability and Reputational Risk**

Because of the scale and variety of their properties, high-net-worth (HNW) clients face a wide range of environmental exposures—often in places they least expect. One important example is the Renovation, Repair and Painting (RRP) Rule, which can apply to renovations at homes and buildings constructed prior to 1978 (when lead-based paint was banned). The rule is intended to reduce the risk of lead exposure during renovation activity.

The practical takeaway: when an HNW client owns pre-1978 property, renovation projects should be performed by RRP-trained contractors. If the right safeguards aren’t in place, the owner can be pulled into regulatory and liability issues—along with the costs that follow.

The EPA enforcement action involving Chip and Joanna Gaines—featured in the article below—highlights how quickly this exposure can become public. The EPA alleged that renovation work aired on the show did not include adequate lead-safe practices. Magnolia Waco Properties, LLC reportedly agreed to spend \$160,000 to address lead-based paint hazards, along with a \$40,000 civil penalty.

Use this example to reinforce a simple best practice with HNW insureds: verify RRP training and lead-safe work practices before any renovation that could disturb lead-based paint.

Even large organizations have faced consequences for contractor noncompliance—Sears, for example, has paid a reported \$400,000 penalty related to using contractors that were not RRP-trained.

Just as important: environmental and health-related issues can create immediate reputational risk. As the EPA noted in the settlement, **“Through this settlement, Magnolia is putting in place safeguards to ensure the safety of its renovation work and making meaningful contributions toward the protection of children and vulnerable communities from exposure to lead-based paint.”** For HNW clients, that kind of public narrative can be costly—even when the intent was simply to improve a property.

HNW pollution insurance can help protect properties far beyond the limited mold coverage commonly found in HNW property policies—addressing a broader set of environmental exposures such as asbestos, stormwater runoff, vapor intrusion, releases from backup-generator storage tanks, leaks from elevator hydraulic systems, pollution migrating from neighboring properties, sick building syndrome, Legionella, pool chemicals, fertilizers, herbicides, and more.

<https://www.gbtribune.com/news/trending-topics/fixer-upper-couple-chip-and-joanna-gaines-fined-40000-by-the-epa-for-breaking-strict-rules/>



## Environmental Exposures Impacting High Net Worth Insureds

In this High Net Worth (HNW) competitive environmental intelligence, we examine the article “7 Crucial Risks Facing High Net Worth Families” and have broadened it by adding the environmental exposures (in red type) that are part of the 7 crucial risks facing HNW insureds.

As the article highlights: *High net worth (HNW) individuals and families face many risks due to their complex lifestyles. The wealth they have accumulated makes their property and casualty exposures more complex than the average consumer, and their risks oftentimes rival those of a business in scope.*

*The frequency and complexity of the risk exposures faced by HNW families and individuals make it necessary to adopt proactive risk prevention strategies, as well as the purchase of insurance protection to make them whole should they suffer a loss.*

HNW pollution insurance is designed to protect your HNW insureds from the environmental exposures impacting their resources while better protecting your E&O exposure.

If you’re not proactively helping HNW insureds identify, manage, and transfer their environmental exposures, a pollution loss can expose a coverage gap—and your E&O policy may become the only backstop.

### 7 Crucial Risks Facing High Net Worth Families

From cyber risks to global travel, high net worth families have a host of risks to manage.

By: [Lisa Lindsay](#) | June 26, 2018 •

High net worth (HNW) individuals and families face many risks due to their complex lifestyles. The wealth they have accumulated makes their property and casualty exposures more complex than the average consumer, and their risks oftentimes rival those of a business in scope.

The frequency and complexity of the risk exposures faced by HNW families and individuals make it necessary to adopt proactive risk prevention strategies, as well as the purchase of insurance protection to make them whole should they suffer a loss.

### 1) Cyber Crime

The use of technology and social media, the number of connected devices per household and the number of people (staff, advisers) communicating with HNW individuals make them prime targets for cyber crimes.

These crimes include email phishing, ransomware and unauthorized bank transfers. While the insurance industry is starting to offer insurance protection for some of these losses, the best defense is practicing good cyber hygiene.

**Important planning note: many cyber policies include a pollution exclusion. If a cyber incident triggers an environmental release or pollution condition, HNW environmental insurance can help close that gap.**

### 2) Catastrophic Weather Losses

Hurricanes, flooding and wildfires will continue to impact HNW families since many of them own homes in disaster-prone tropical or mountainous regions.

Traditional risk identification tools such as FEMA flood maps are outdated and do not accurately reflect risk. In recent years, we've seen unprecedented flooding in areas that have never or rarely been flooded before. These extreme weather events will continue to impact the HNW.

To prevent losses, families and individuals must work with professionals who can provide more advanced risk identification resources, as well as resources to help prevent or mitigate losses, such as hurricane and wildfire protective services.

**For HNW insureds with assets in catastrophe-prone areas, environmental planning is essential. Natural disasters can trigger costly pollution conditions—making a defined environmental financial assurance strategy, supported by HNW pollution insurance, a critical part of risk management.**

### 3) Collections Management

HNW families and individuals are known to have a passion for collections, such as art, furniture, memorabilia and cars. Many collections are a significant asset class in their financial portfolio and are managed aggressively to increase value, which may mean the collection is on exhibition or on loan to museums and galleries.

This increase in risk exposures requires specialized risk management solutions.

A good example of how specialized risk management solutions comes into play took place after the California mudslides — coverage was afforded for some who had specialized fine art insurance versus traditional homeowners' coverage where mudslides are not typically covered.

**Collections like automobiles, yachts, aircraft, and other high-value assets can introduce environmental exposures tied to fueling, maintenance, storage, and transportation—often outside the scope of traditional coverage.**

**Example: A yacht fire at a marina can quickly become more than a property loss. In one case, the cause was never determined, but the fire spread to neighboring vessels. After suppression and cleanup, the resulting environmental damage led to more than \$2,000,000 in fines, penalties, cleanup costs, and business interruption.**

### 4) Employee-Related Risks

HNW families hire employees who help run their households. These individuals range from nannies, caretakers, captains and crew, to housekeepers and assistants.

Employees bring about risk exposures related to on-the-job injuries and employment practices liability exposures. HNW individuals need to adopt the same stringent hiring practices that a business adopts when hiring and terminating employees.

Practices should include background checks, onboarding protocols, regular performance reviews and the like.

**Household staff and service providers—landscapers, janitorial teams, boat captains, aircraft pilots, and contractors—can inadvertently create environmental liabilities for high-net-worth (HNW) insureds.**

**Example: A cleaning employee who spoke English but could not read English accidentally mixed incompatible chemicals, creating toxic fumes that forced evacuation of an entire building during decontamination. The resulting third-party bodily injury, property damage, and business interruption claims against the HNW building owner exceeded \$1,000,000.**

## **5) Security Risks**

Security at home and during travel — including the risks of terrorism and global conflict — also remains a top concern.

Security concerns can range from home security alarms and devices to worldwide travels concerns.

For families with complex risk exposures, consulting with a security expert is recommended. These experts provide a full risk assessment that would minimize any security breach, such as a home invasion, a cyber breach or any other issue that could put the family at risk.

**Security planning should also account for environmental losses caused by third parties. Vandalism can trigger pollution conditions—fuel spills, chemical releases, and other contamination events—that ultimately become the property owner’s responsibility under federal law. HNW pollution insurance can help protect against these vandalism-driven environmental liabilities, and terrorism coverage may also be available.**

## **6) Professional Liability**

Many HNW individuals hold board positions on for-profit, nonprofit and not-for-profit boards, yet the majority of individuals do not know if they’re protected with professional liability coverage.

If they know coverage is provided, the majority do not know the policy limits or terms and conditions. It is imperative that anyone who holds a board position understands their personal risk exposures and the insurance protection available to them.

## **7) Ownership of Assets**

HNW individuals tend to own assets in the names of trusts, LLC and other legal entities. It is critical that they understand the ownership structures of all assets and that all insurance policies are coordinated to properly cover all necessary policies.

**Because of the breadth of assets they own, high-net-worth (HNW) insureds face a wide range of environmental exposures—often across multiple properties, vehicles, and business interests. Common examples include pollution migrating from neighboring properties; tenant chemical use, storage, and waste; mold; legacy environmental conditions; new construction and remodeling; aircraft/auto/watercraft use, storage, and maintenance; privately owned businesses with environmental exposures (e.g., golf courses, agriculture/ranching, manufacturing, hotels/resorts, auto dealers/repair facilities, marinas); contractor and vendor activity (HVAC, electrical, plumbing, painting, septic, household staff, landscapers, pool maintenance, caterers, captains, pilots); stormwater runoff; elevator hydraulic fluid leaks; impacts to wetlands**

or endangered species; natural resource damages; sick building syndrome; above-ground/underground storage tanks; chemical reactions during fires; fertilizers, herbicides, and pesticides; utility/oil/gas easements; backup-generator fuel; asbestos; lead; vandalism; and vapor intrusion.



## Fire Insurance & Environmental Exposures

Why has environmental risk management and insurance become part of “Best Practices” for insurance professionals? Because every high-net-worth (HNW) insured—and every commercial insured—has environmental exposures that can create real financial liability.

In today’s transparent business environment, identifying, managing, and transferring environmental exposures is a critical risk-management discipline that can protect balance sheets, prevent reputational fallout, and support long-term growth. Advisors who lead these conversations differentiate themselves as strategic partners—not just insurance placements.

So where does fire insurance fit? Start with a simple question: why do commercial insurance professionals place fire coverage for clients?

- A lender or financial institution requires it.
- The insured can’t (or shouldn’t) self-insure the severity of a fire loss, so risk transfer makes financial sense.
- It’s included within a BOP or package policy.
- It’s an established baseline of prudent risk management.

Does a fire policy help the insured? Yes—but it can also create a secondary exposure many clients don’t anticipate. After a fire is suppressed, water, chemicals, and damaged contents can commingle and create a pollution condition. And while the fire department is generally immune from prosecution, under federal law the property owner is ultimately responsible for the environmental condition of the property. In other words: a fire loss can quickly become an environmental loss.

**Example:** An auto parts dealer’s store caught fire. After the fire was extinguished, tens of thousands of gallons of hazardous “goo” accumulated in the basement. Disposal costs exceeded \$80,000 and were not covered by insurance—so the owner pursued the insurance agents E&O for coverage.

Risk management often involves tradeoffs. For example, sprinkler systems can reduce the severity of a fire—but they can also spread contaminants throughout a structure and into the surrounding environment. The right strategy anticipates both outcomes.

Bottom line: environmental risk management and environmental insurance are “Best Practices” because they address the costs that can arise when a loss event creates pollution conditions, regulatory involvement, and third-party claims.

**environmental Strategist Tip:** Don't be misled by "limited" pollution coverage offered by standard property and casualty carriers. It's "limited" because it limits the carrier's exposure to environmental liability. **"Limited" pollution policies deliver "limited" benefits to the insured.**



## Legionnaires Disease

**eS between the lines:** Legionnaires' disease (*Legionella*) can create significant environmental liability for owners and operators of building water systems—especially in properties with centralized HVAC/cooling towers and other aerosol-producing water sources. Potential exposure points include fountains, room humidifiers, ice machines, whirlpool spas/hot tubs, water heaters and plumbing systems, showers, misting systems (including produce misters), evaporative coolers, nebulizers, humidifiers, and similar equipment where contaminated water can become airborne.

Context matters: Legionnaires' disease was named after a 1976 outbreak at an American Legion convention in Philadelphia. In that event, 221 people became ill and 34 died—an early reminder of how quickly water-system issues can escalate into serious health outcomes, regulatory scrutiny, and costly claims.

Advisor takeaway: what prevention and response plan is in place to address *Legionella* risk across your clients' properties? Pollution liability insurance can provide financial support for investigation, remediation, and third-party claims tied to a covered *Legionella* event—helping protect both the property and the client's balance sheet.

### 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.



## Yacht Fire: When a Property Loss Becomes an Environmental Liability

High net worth (HNW) insureds often have exposures that extend well beyond traditional property and liability—especially when high-value assets like yachts are involved. A single incident can trigger not only repair and replacement costs, but also pollution conditions, third-party impacts, and regulatory scrutiny.

As the links below show, one yacht owner is paying legal fees while attempting to be made whole after a fire loss to a \$24,000,000 yacht that was in dry dock for repairs. While the carrier is denying coverage, an ERMI HNW pollution policy could have addressed pollution conditions arising from the fire, along with legal defense, cleanup, third-party bodily injury, third-party property damage, third-party business income, natural resource damages, and more.

Although the shipyard reportedly settled with the yacht owner for \$9,200,000, the company alleged to have caused the loss has closed and its owners have fled the country—highlighting a familiar reality: recovery can be uncertain when the responsible party can't (or won't) pay.

Advisor takeaway: do your HNW clients knowingly self-insure these environmental exposures—or would they rather transfer them for fractions of a cent on the dollar through the ERMI HNW pollution program? The best time to ask is before a loss.

<http://riskandinsurance.com/24-million-yacht-burns-owner-ignores-key-policy-terms-and-conditions/>

<https://www.bloomberg.com/news/articles/2016-04-11/why-are-all-these-superyachts-catching-on-fire>

[https://www.youtube.com/watch?v=8v\\_wptmnS-k](https://www.youtube.com/watch?v=8v_wptmnS-k)

<https://yachtharbour.com/news/31m-superyacht-ordisi-catches-fire-in-alicante-2338>

<https://www.youtube.com/watch?v=yvMYPu8xNBI>

<https://www.thedrive.com/news/27935/massive-warehouse-fire-near-pittsburgh-destroys-hundreds-of-exotic-cars-worth-upwards-of-60m>



# Illicit Abandonment: The Hidden Environmental Exposure in Leased Properties

**environmental Strategist®**, **between the lines:** Illicit abandonment is a commonly overlooked environmental exposure for commercial—and high net worth—real estate owners. It occurs when a tenant or independent third party, leaves behind materials that must be handled, removed, and disposed of properly before a property can be re-let or sold.

A real-world example: an insurance agent called Environmental Risk Managers about a client with a leased facility after the tenant went out of business. When the owner inspected the property, they found raw materials stored in 55-gallon drums, totes, and other containers that had been left behind. Nothing was actively leaking, but the owner still had to remove and dispose of the materials to make the building marketable again—at a cost exceeding \$80,000. That’s illicit abandonment, and it can be addressed through pollution liability insurance as part of a broader environmental financial assurance strategy.

The article below discusses the refurbishment of containers (including 55-gallon drums) and the environmental exposures that activity can create for workers and neighboring properties. It also highlights a frequent reality: many containers arrive with residual product still inside.

Now extend the scenario: when containers are stored outdoors on an unsealed surface, small residuals can leak over time and contaminate soil and groundwater. And because federal law can place ultimate responsibility on the property owner, the owner may be left paying for investigation, cleanup, and third-party impacts—especially if contamination migrates to neighboring properties.

When you see a facility like the one which stores old containers outside over an unsealed surface, over time residuals will leak out and contaminate the ground and ground water. Under federal law the owner of the property is ultimately responsible for the environmental condition of their property. What if the contamination migrates onto a neighboring property?

What’s often missed is the broader exposure for the businesses that routinely buy, store, and use materials in drums, totes, and buckets. Where does title and responsibility transfer—FOB origin or FOB destination? Are materials stored securely, with appropriate secondary containment and spill controls? These operational details can determine how quickly a routine supply chain becomes an environmental claim.

**As your HNW client’s professional risk manager, are rental properties being inspected to confirm tenants aren’t creating environmental exposures that could come back to the owner? And if the lease includes an environmental indemnification, what financial assurance mechanism does the tenant actually have in place to honor it?**

Final question: if a tenant creates an environmental liability, is their “plan” simply to shut down—leaving the property owner to absorb the illicit abandonment exposure?

<https://audioboom.com/posts/5647620-chemicals-left-in-barrels-leave-workers-neighborhoods-at-risk>



## High Net Worth Insured Application

| <b>SECTION I: APPLICANT INFORMATION</b> |            |             |             |               |             |
|---|------------|-------------|-------------|---------------|-------------|
| APPLICANT NAME:                         |            |             |             | DATE NEEDED:  |             |
| MAILING ADDRESS:                        |            |             |             |               |             |
| CITY:                                   |            |             | STATE:      |               | ZIP CODE:   |
| TELEPHONE:                              |            |             | WEBSITE:    |               |             |
| Applicant is an:                        | INDIVIDUAL | PARTNERSHIP | CORPORATION | JOINT VENTURE | OTHER _____ |

| <b>SECTION II: COVERAGE REQUESTED</b>  |   |                               |                             |
|--|---|-------------------------------|-----------------------------|
| Onsite Cleanup   | Occurrence  | Claims-Made and Reported      | Retroactive Date:           |
| Third-Party Premises Pollution   |   | Claims-Made and Reported Only | Retroactive Date:           |
| Contractors Pollution Liability  |   | Claims-Made and Reported Only | Retroactive Date:           |
| Transportation Pollution   |   | Claims-Made and Reported Only | Retroactive Date:           |
| List any enhancements/endorsements that the applicant is seeking or currently has: |   |                               |                             |
| Proposed Effective Date:   | Limits Requested: (Occurrence / Aggregate)<br>\$ / \$ |                               | Deductible Requested:<br>\$ |
| 1. Does the Applicant want coverage for mold?                                      |   |                               | Yes    No                   |
|  |   |                               |                             |

| <b>SECTION III: GENERAL INFORMATION</b>   |              |                |                        |
|---|--------------|----------------|------------------------|
|   |              |                |                        |
| 1. Has the Applicant ever operated under another name?<br>If yes, explain:  |              |                | Yes    No              |
| 2. Has the Applicant acquired, merged, or discontinued any operations in the last five (5) years?<br>If yes, explain: |              |                | Yes    No              |
| 3. Does the Applicant have:<br>If yes, explain:   | Subsidiaries | Parent Company | Other Related Entities |
| Do you share employees?<br>If yes, explain:   |              |                | Yes    No              |
| Please list any other Named Insureds:   |              |                |                        |

**SECTION III: GENERAL INFORMATION CONT.**

4. Type of Facility:

5. List all locations to be covered:

Total Number of Facilities: \_\_\_\_\_

**Loc #**

**Facility Name, Address, City, State & Zip Code**

- |    |       |
|----|-------|
| 1. | _____ |
| 2. | _____ |
| 3. | _____ |
| 4. | _____ |
| 5. | _____ |
| 6. | _____ |
| 7. | _____ |
| 8. | _____ |

(List additional locations on separate page if necessary)

**A. Facility Specific Information:**

Name or Location Number: \_\_\_\_\_

Age of Facility: \_\_\_\_\_

Has this location ever had any unregulated emission, discharge, release or escape of pollutants or other substances?

- Yes       No

Is the Applicant aware of any pre-existing condition at this location that might lead to a claim under the policy if it were to be issued?

- Yes       No

**B. Describe Current Operations/Manufacturing Processes:**

**C. Describe Historical Site Operations:**

(environmental reports for the facility, Phase I or II, remediation plans)

**D. Permits (Check all that Apply)**

For each that apply, please attach a list of relevant permit ID numbers

- |   |   |
|---|---|
| <input type="checkbox"/> RCRA Part B Permit or State Equivalent         | <input type="checkbox"/> EPCRA Section 302 TPQ    |
| <input type="checkbox"/> NPDES or State Equivalent                      | <input type="checkbox"/> PCB Annual Reports       |
| <input type="checkbox"/> NPDES Storm Water Permit or State Equivalent   | <input type="checkbox"/> Small Quantity Generator |
| <input type="checkbox"/> Air Permit (any type, federal, state or local) | <input type="checkbox"/> Large Quantity Generator |
| <input type="checkbox"/> UST or AST Registrations                       | <input type="checkbox"/> Asbestos-Related Permits |
| <input type="checkbox"/> CAA 112(r)                                     | <input type="checkbox"/> Onsite Disposal Permits  |
| <input type="checkbox"/> SARA Title III                                 | <input type="checkbox"/> Pesticide/Herbicide      |
|   | <input type="checkbox"/> OTHER:                   |

**E. Regulatory Compliance**

- a) Is the Applicant/Facility currently in compliance with all applicable environmental regulations?  Yes       No  
 If no, attach a description detailing the measures being taken to comply.
- b) Has the Applicant/Facility ever been cited for any environmental or permit violation?  Yes       No  
 If yes, attach a description detailing the violation, the steps taken to come into compliance, and the final outcome of the violation.
- c) Does the Facility conduct regular environmental compliance audits?  Yes       No

**Chemical Use, Treatment, Storage, and Disposal Information**

\_\_\_\_\_  
(Location Name)

| F. | Raw and Process Chemicals | QUANTITIES    |                | STORAGE METHODS (Check all that Apply) |      |     |     |
|----|---------------------------|---------------|----------------|--|------|-----|-----|
|    |                           | Chemical Name | Total per Year | At Any One Time                        | Drum | AST | UST |
|    |                           |               |                |  |      |     |     |
|    |                           |               |                |  |      |     |     |
|    |                           |               |                |  |      |     |     |
|    |                           |               |                |  |      |     |     |
|    |                           |               |                |  |      |     |     |
|    |                           |               |                |  |      |     |     |
|    |                           |               |                |  |      |     |     |
|    |                           |               |                |  |      |     |     |

**Attach Separate List if additional space is needed.**

(Applicant may attach a copy of a DMR in lieu of completing table below)

| G. | Wastewater Handling? <input type="checkbox"/> N/A |                  |                | Maximum Daily Discharge: |                   |
|----|---|------------------|----------------|--------------------------|-------------------|
|    | Constituents of Concern                           | Discharge Limits | Receiving Body | Outfall #                | Treatment Process |
|    |   |                  |                |                          |                   |
|    |   |                  |                |                          |                   |
|    |   |                  |                |                          |                   |
|    |   |                  |                |                          |                   |
|    |   |                  |                |                          |                   |
|    |   |                  |                |                          |                   |
|    |   |                  |                |                          |                   |
|    |   |                  |                |                          |                   |

**Attach Separate List if additional space is needed.**

Describe any permit exceedances or by-passes. List number of exceedances and the methods used to correct problem.

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**Chemical Use, Treatment, Storage, and Disposal Information**

\_\_\_\_\_  
(Location Name)

**H.** Hazardous/Special Waste Generation?  N/A

| Waste Type (RCRA #) | Quantity/Year | Treatment Method | Disposal Method | Total Quantity Stored Onsite | Date Disposal Started |
|---------------------|---------------|------------------|-----------------|------------------------------|-----------------------|
|                     |               |                  |                 |                              |                       |
|                     |               |                  |                 |                              |                       |
|                     |               |                  |                 |                              |                       |
|                     |               |                  |                 |                              |                       |
|                     |               |                  |                 |                              |                       |
|                     |               |                  |                 |                              |                       |
|                     |               |                  |                 |                              |                       |

Attach list of additional waste materials, if necessary.

**I.** Offsite Disposal?  N/A

| Waste Type (RCRA #) | Quantity/Year | Treatment Method | Disposal Method | Disposal Facility | Date Disposal Started |
|---------------------|---------------|------------------|-----------------|-------------------|-----------------------|
|                     |               |                  |                 |                   |                       |
|                     |               |                  |                 |                   |                       |
|                     |               |                  |                 |                   |                       |
|                     |               |                  |                 |                   |                       |
|                     |               |                  |                 |                   |                       |
|                     |               |                  |                 |                   |                       |
|                     |               |                  |                 |                   |                       |

Attach list of additional waste materials, if necessary.

**J.** Onsite Disposal?  N/A

|  |  |   |
|--|--|---|
| <input type="checkbox"/> Active Landfill<br>Total acreage: _____<br>Permitted: <input type="checkbox"/> Yes <input type="checkbox"/> No<br>Lined: <input type="checkbox"/> Yes <input type="checkbox"/> No<br>Leachate Collection: <input type="checkbox"/> Yes <input type="checkbox"/> No<br>Monitoring Wells: <input type="checkbox"/> Yes <input type="checkbox"/> No<br>Number of Wells: _____<br>Age of Facility: _____<br>Wastes(list): _____ | <input type="checkbox"/> Closed Landfill<br>Total acreage: _____<br>Permitted: <input type="checkbox"/> Yes <input type="checkbox"/> No<br>Lined: <input type="checkbox"/> Yes <input type="checkbox"/> No<br>Leachate Collection: <input type="checkbox"/> Yes <input type="checkbox"/> No<br>Monitoring Wells: <input type="checkbox"/> Yes <input type="checkbox"/> No<br>Number of Wells: _____<br>Age of Facility: _____<br>Wastes(list): _____ | <input type="checkbox"/> Injection Well<br>Years in Operation: _____<br>Number of Wells: _____<br>Permitted: <input type="checkbox"/> Yes <input type="checkbox"/> No<br>Lined: <input type="checkbox"/> Yes <input type="checkbox"/> No<br>Closed? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>Wastes(list): _____ |
|--|--|---|

Attach additional information for other onsite disposal facilities if necessary

**Chemical Use, Treatment, Storage, and Disposal Information**

\_\_\_\_\_  
(Facility Name)

**K.** Air Emissions?  N/A

| Source | Quantity/<br>Year | Pollutant | Treatment Method | Permit Emission<br>Limits | Years Source in<br>Operation |
|--------|-------------------|-----------|------------------|---------------------------|------------------------------|
|        |                   |           |                  |                           |                              |
|        |                   |           |                  |                           |                              |
|        |                   |           |                  |                           |                              |
|        |                   |           |                  |                           |                              |
|        |                   |           |                  |                           |                              |

Attach a list of additional sources, if necessary

**L.** Aboveground Storage Tanks?  N/A

| Identification | Age | Capacity (US Gallons<br>or BBL) | Construction Material | Date of Last<br>Inspection | Type of Containment |
|----------------|-----|---------------------------------|-----------------------|----------------------------|---------------------|
|                |     |                                 |                       |                            |                     |
|                |     |                                 |                       |                            |                     |
|                |     |                                 |                       |                            |                     |
|                |     |                                 |                       |                            |                     |
|                |     |                                 |                       |                            |                     |
|                |     |                                 |                       |                            |                     |
|                |     |                                 |                       |                            |                     |
|                |     |                                 |                       |                            |                     |

Attach list of additional ASTs if necessary.

**M.** Underground Storage Tanks?  N/A

| Tank ID | Age | Capacity | Tank Construction<br>Material | Leak Detection<br>Method | Piping Construction<br>Material | Registered with State? |
|---------|-----|----------|-------------------------------|--------------------------|---------------------------------|------------------------|
|         |     |          |                               |                          |                                 |                        |
|         |     |          |                               |                          |                                 |                        |
|         |     |          |                               |                          |                                 |                        |
|         |     |          |                               |                          |                                 |                        |
|         |     |          |                               |                          |                                 |                        |
|         |     |          |                               |                          |                                 |                        |
|         |     |          |                               |                          |                                 |                        |

*All tanks greater than 10 years old MUST have current tightness tests.*

Attach list of additional USTs if necessary.

Chemical Use, Treatment, Storage, and Disposal Information

(Location Name)

**N.** Has the location/facility, during the last five years, been cited or prosecuted for any violation of any standard or law relating to the release of a substance into the environment?  Yes  No

If yes, provide details:

**O.** Has the location/facility ever been sued or requested to pay any damages or to perform any cleanup activities with respect to any actual alleged pollution incident either on the facility grounds or to an offsite party or location?  Yes  No

If yes, provide details:

**P.** List all environmental losses paid or incurred over the past three years.

| <u>Date</u> | <u>Amount</u> | <u>Description of Loss</u> |
|-------------|---------------|----------------------------|
|             |               |                            |
|             |               |                            |
|             |               |                            |

## CONTRACTORS POLLUTION LIABILITY

### SECTION V: BUSINESS PRACTICES & SAFETY PROTOCOL

1. Describe the minimum insurance requirements for subcontractors and sub-consultants:

General Liability                   \$ \_\_\_\_\_  
 Contractors Pollution Liability   \$ \_\_\_\_\_  
 Professional Liability             \$ \_\_\_\_\_

2. Does Applicant have written in-house quality control or written in-house health and safety procedures?    Yes    No

### SECTION VI: FINANCIAL INFORMATION

|   |   |                                 |
|---|---|---------------------------------|
| <b>\$</b> _____   | <b>Estimated gross revenue for the next 12 months</b> | <b>Fiscal Year Period</b>       |
| <b>\$</b> _____   | 1 <sup>st</sup> prior year's revenue                  | _____ to _____                  |
| <b>\$</b> _____   | 2 <sup>nd</sup> prior year's revenue                  |                                 |
| Breakdown of Revenue by Project Classification:<br><i>(Estimated Percentage for next 12 months)</i> |   |                                 |
|   | Residential: _____%                                   | Hospitals/Nursing Homes: _____% |
|   | Commercial: _____%                                    | Schools/Education: _____%       |
|   |   | Industrial: _____%              |
|   |   | Other: _____%                   |

### SECTION VII: SERVICES

| <b>A. Contracting Services</b>                                      | <b>Projected Revenues</b> | <b>% Subcontracted</b> |
|---|---------------------------|------------------------|
| <i>Appliance Installation</i>                                       | \$                        | %                      |
| <i>Asbestos Abatement</i>   | \$                        | %                      |
| <i>Carpentry or Framing</i>   | \$                        | %                      |
| <i>Concrete</i>   | \$                        | %                      |
| <i>Construction Management</i>                                      | \$                        | %                      |
| <i>Demolition – Interior</i>  | \$                        | %                      |
| <i>Demolition – Exterior</i>  | \$                        | %                      |
| <i>Drilling – Non-Environmental</i>                                 | \$                        | %                      |
| <i>Drywall</i>  | \$                        | %                      |
| <i>EIFS</i>   | \$                        | %                      |
| <i>Electrical</i>   | \$                        | %                      |
| <i>Excavation/Grading</i>   | \$                        | %                      |
| <i>Fire/Water Restoration</i>                                       | \$                        | %                      |
| <i>Fire Suppression/Sprinklers</i>                                  | \$                        | %                      |
| <i>Flooring</i>   | \$                        | %                      |
| <i>General Contracting</i>  | \$                        | %                      |
| <i>Glazier/Glass and Window</i>                                     | \$                        | %                      |
| <i>Home Building</i>  | \$                        | %                      |
| <i>HVAC/Mechanical Refrigeration</i>                                | \$                        | %                      |
| <i>Insulation (No abatement)</i>                                    | \$                        | %                      |
| <i>Landscaping</i>  | \$                        | %                      |
| <i>Lead Abatement</i>   | \$                        | %                      |
| <i>Maintenance or Janitorial</i>                                    | \$                        | %                      |
| <i>Masonry</i>  | \$                        | %                      |
| <i>Mold Abatement</i>   | \$                        | %                      |
| <i>Painting</i>   | \$                        | %                      |
| <i>Paving</i>   | \$                        | %                      |
| <i>Pesticide, Herbicide and Fertilizer Application (Non-aerial)</i> | \$                        | %                      |
| <i>Pipeline Construction or Repair</i>                              | \$                        | %                      |
| <i>Plastering or Stucco</i>   | \$                        | %                      |
| <i>Plumbing</i>   | \$                        | %                      |
| <i>Roofing</i>  | \$                        | %                      |
| <i>Sandblasting</i>   | \$                        | %                      |
| <i>Scaffold Erection</i>  | \$                        | %                      |
| <i>Sewer/Septic / Cleaning</i>                                      | \$                        | %                      |

|  |                                   |                                  |                        |
|--|-----------------------------------|----------------------------------|------------------------|
| Street & Road Construction   |                                   | \$                               | %                      |
| Transportation (Non-environmental)   |                                   | \$                               | %                      |
| Waterproofing  |                                   | \$                               | %                      |
| Other (Specify)  |                                   | \$                               | %                      |
| Other (Specify)  |                                   | \$                               | %                      |
| Other (Specify)  |                                   | \$                               | %                      |
| Other (Specify)  |                                   | \$                               | %                      |
| Total Revenue for <b>Contracting Services:</b>                                     |                                   | \$                               | %                      |
| <b>B. Professional Services</b>  | <b>Design-Build (Yes) or (No)</b> | <b>Projected Revenues (Fees)</b> | <b>% Subcontracted</b> |
| Civil Engineering  |                                   | \$                               | %                      |
| Construction Management  |                                   | \$                               | %                      |
| Electrical Engineering   |                                   | \$                               | %                      |
| Environmental Engineering  |                                   | \$                               | %                      |
| Geotechnical Engineering   |                                   | \$                               | %                      |
| HVAC Engineering   |                                   | \$                               | %                      |
| Land Surveying   |                                   | \$                               | %                      |
| Landscape Architecture   |                                   | \$                               | %                      |
| Mechanical Engineering   |                                   | \$                               | %                      |
| Project Management   |                                   | \$                               | %                      |
| Structural Engineering   |                                   | \$                               | %                      |
| Other (specify)  |                                   | \$                               | %                      |
| Other (specify)  |                                   | \$                               | %                      |
| Other(specify)   |                                   | \$                               | %                      |
| Total Revenue for <b>Professional Services:</b>                                    |                                   | \$                               | %                      |
| <b>C. Percentage of Above Revenues from the Following Types of Projects (100%)</b> |                                   |                                  |                        |
| Airports   | %                                 | Power Plants                     | %                      |
| Apartments   | %                                 | Residential - Town homes         | %                      |
| Assisted Living  | %                                 | Residential - Single Family      | %                      |
| Churches   | %                                 | Roads/Highways                   | %                      |
| Condominiums   | %                                 | Schools/Dorms                    | %                      |
| Convention Centers   | %                                 | Shopping Center/Retail           | %                      |
| Food Processing  | %                                 | Site Development                 | %                      |
| Hospitals / Medical Offices  | %                                 | Storm Water Systems              | %                      |
| Hotels/Motels  | %                                 | Warehouses                       | %                      |
| Industrial   | %                                 | Other (specify)                  | %                      |
| Office Buildings   | %                                 | Other (specify)                  | %                      |
| Parking Facilities   | %                                 | Other (specify)                  | %                      |
| Petrochemical  | %                                 | <b>Total</b>                     | <b>(100%)</b>          |

**SECTION VIII: CLAIMS HISTORY**

1. Within the past five (5) years, have any claims been made or legal actions (including any regulatory proceedings) been brought against the Applicant, its legal predecessor(s) or any other party to the proposed insurance?  Yes  No  
*If yes, please provide additional Information:*
  
2. Within the past five (5) years, has the Applicant its legal predecessor(s) or any other party to the proposed Insurance been involved in any pollution incidents on or at projects where the Applicant, its legal predecessor(s) or any other party to the proposed insurance performed contracting operations?  Yes  No  
*If yes, please provide additional Information:*
  
3. Does the Applicant or any other party to the proposed insurance have knowledge of injury to people or damage to property during the last five (5) years on or at projects where the Applicant, its legal predecessor(s) or any other party to the proposed insurance performed contracting operations?  Yes  No  
*If yes, please provide additional Information:*

4. Is any member of the Applicant or any other party to this insurance, or any entity that the Applicant wholly or partly owns, manages and/or controls, aware of any circumstances that may result in any claim, suit or notice of incident or occurrence against them?  Yes  No  
*If yes, please provide additional information:*

**\*IT IS UNDERSTOOD AND AGREED THAT IF ANY SUCH CLAIMS EXIST, OR ANY SUCH FACTS OR CIRCUMSTANCES EXIST WHICH COULD GIVE RISE TO A CLAIM, THEN THOSE CLAIMS AND ANY OTHER CLAIMS ARISING FROM SUCH FACTS OR CIRCUMSTANCES ARE EXCLUDED FROM THE PROPOSED INSURANCE UNLESS OTHERWISE AFFIRMATIVELY STATED IN THE POLICY.**

**CURRENTLY VALUED LOSS RUNS MUST BE FURNISHED**

BY SIGNING THIS APPLICATION, THE APPLICANT WARRANTS TO THE COMPANY THAT ALL STATEMENTS MADE IN THIS APPLICATION INCLUDING ATTACHMENTS, ABOUT THE APPLICANT AND ITS OPERATIONS ARE TRUE AND COMPLETE, AND THAT NO MATERIAL FACTS HAVE BEEN MISSTATED IN THIS APPLICATION OR CONCEALED. COMPLETION OF THIS FORM DOES NOT BIND COVERAGE. THE APPLICANT'S ACCEPTANCE OF THE COMPANY'S QUOTATION IS REQUIRED BEFORE THE APPLICANT MAY BE BOUND AND A POLICY ISSUED.

NOTICE TO ALL APPLICANTS:

ANY PERSON WHO KNOWINGLY AND WITH INTENT TO DEFRAUD ANY INSURANCE COMPANY OR ANOTHER PERSON, FILES AN APPLICATION FOR INSURANCE OR STATEMENT OF CLAIM CONTAINING ANY MATERIALLY FALSE INFORMATION, OR

|                                   |                           |
|-----------------------------------|---------------------------|
| Name of Applicant                 |                           |
| Signature of Authorized Applicant | Signature of Broker/Agent |
| Print Name                        | Print Name                |
| Title                             | Agency Name               |
| Date                              | Date                      |

For watercraft, aircraft, and other vehicles include Acord form.

**Environmental Risk Managers, Inc.**

[www.ermi.us](http://www.ermi.us)