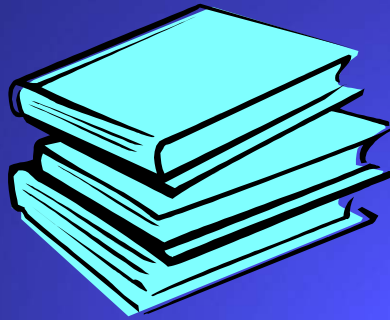




Zurich North America

THE ENVIRONMENTAL APPLICATION PROCESS



Environmental Insurance Underwriting Process

- Contractors pollution liability
- Professional liability
- Fungus remediation



Complete Submission

The following items should be included for a complete submission

- Completed, signed application
- Two years of financial statements
- Three years of hard copy loss runs
- Resume of key personnel
- Safety program
- Brochures/Statement of Qualifications
- Spill Plan/SPCC/Emergency plan
- Sample contract



Incomplete Submission

- Half Completed and un-signed application
- No supporting documentation



Why do underwriters ask the questions they do

- Exposure Analysis
- Rating Analysis



Construction site exposures

- Spills of chemicals, solvents, paints and fuels
- Spills of lubricant oils and other fluids from field equipment
- Waste materials generated at the site
- Site excavation work that disturbs pre-existing contaminated materials and soil
- Puncturing or cutting underground utility lines and structures



Environmental exposures (con't)

- Handling or removal of transformers containing PCBs
- Completed operations exposures from use of completed work that causes release
- Drilling operations that cause wastes to enter groundwater or surface water
- Dust, debris, asbestos fibers, dust and waste from ceilings, piping, heating systems and roofing systems

Risk selection

- The risk selection process is the first key to success in underwriting. There are many factors one must review in determining whether the risk qualifies for underwriting and a proposal for coverage. The factors listed below are not in a priority manner, as some factors will weigh more heavily than others depending on the risk.



1. Exposure

- To determine what the risk is all about. The underwriter must understand the customer's operations and then evaluate to determine the exposures.



2. Experience

- Due to the fact that many businesses fail in the first three years of operation, we need to review the number of years that the risk has been in business. One should only consider a new venture off less than three years if the owner/management has experience in business and the type of business that the risk is actually engaged in.





3. Key personal

- Key personnel includes management, supervisors, project managers, etc. Since these people control the success of the company, the underwriter should review resumes of the key personnel to determine the certain individuals are trained and certified, then the underwriter may verify this by requiring certificates.



4. Employees

- It is important to know what the makeup of the labor pool is for the risk. This determines control & influence on safety, quality & standards of the customer. Variables include full time vs. part time employees and supervision per employee on project/job sites. In most cases, the risk becomes better as management has more control over the employees and there is a long, stable work history with little turnover.

5. Financials

- Financials of the company are important for two reasons:
- 1 - operations sustainability
- 2 - deductible recoveries

Underwriters generally like to have the latest two years of audited financials with notes. The notes will also assist in overall understanding of the operations.

6. Loss Experience

- Underwriters like at least three years of hard copy loss runs for the lines of business to be underwritten. Each underwriter needs to review the claims experience for frequency, severity, types of loss, causes of loss and the trend over time. Unless the risk has changed in some aspect, prior loss experience will usually indicate the loss experience in the future.



7. Prior insurance carrier

- The underwriter should know the following information:
- The carrier
- coverage
- limits
- expiring premium



8. Safety/loss control programs

- Each risk should have in place a safety program to control (potential) losses. By comparing the programs in place with the past loss experience, the underwriter should be able to determine the effectiveness of their internal programs.

Fungus




- Mold is being compared to asbestos in terms of abatement/remediation methods, cost and associated risks.
- The major difference between asbestos and mold is the lack of scientific knowledge about the health effects.
- There is a lack of established standards for indoor mold.

Fungus (con't)




- Contractors and consultants are starting to realize that there is remediation work and other related professional services available.
- Work is currently being performed by asbestos abatement firms, fire and water damage restoration contractors and mechanical system cleaners and consultants.

Fungus (con't)

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- There are federal occupational safety standards, but workers who are not highly trained, and do not understand their vulnerability, can still expose themselves and building occupants to high concentrations of airborne mold if not proper evaluation and work practices are not followed.

Fungus underwriting guidelines

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- Contractor must demonstrate at least three years experience in fungus remediation/abatement.
 - Contractor must demonstrate at least three years general construction experience. This is important because in all situations, the cause of moisture accumulation must be eliminated, or mold growth will recur. Working knowledge of roofing, siding, plumbing, ventilation and vapor barrier systems is essential. This requirement may be waived if the cause of mold has been identified and repaired prior to contractor operations.

Fungus underwriting guidelines

- Resumes, licenses and training certificate for all personnel
- Listing of successfully completed projects
- References
- Worker training programs - should be formal classroom and show proof of course completion.

THANK YOU
FOR
STAYING AWAKE

