



Jan-Oct
2018

ANNUAL EDITION

A collection of the 2018 "Good To Know" E.I. Toolbox

GOOD TO
KNOW

AMERICAN RISK MANAGEMENT
RESOURCES NETWORK, LLC.
ENVIRONMENTAL
INSURANCE TOOLBOX

**2018 Collection of the
"Good To Know"
Environmental
Insurance Toolbox**



OTHER ENVIRONMENTAL PROSPECTS WE CAN HELP WITH!

- General Construction Firms
- Fire & Water Restoration Contractors
- Mold/Asbestos/Lead Contractors
- Asphalt and Paving Contractors
- Environmental Contractors
- Waste Water Treatment Plants
- Landfills
- Farms
- Municipalities
- School Districts
- Plumbers, Roofers, and Artisan Contractors
- Hotels, Condo & Apartment Building Owners or Managers
- Property Transfers Including Purchase & Sales, Mergers & Acquisitions
- Roustabouts, Freshwater Haulers, & Fracking Support Contractors



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**JAN
2018**

New Year, New Business

*5 of the Best Environmental Insurance Products for You
to Take Advantage of This Year*



1

read all about it on page 2

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Contractors Pollution & Professional Policy

page 2

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Fire / Water Restoration Insurance Program

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page 3

**GOOD TO
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Contractor's Pollution Liability

read about it on page 3

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Most of us are familiar with the “New Year, New Me” trend. As insurance practitioners, we like the sound of “New Year, New Business” better. Below are five environmental insurance products sold by ARMR that give you some of the best opportunities for expanding your new business premium production. Who doesn’t like that?

Environmental insurance is an often-overlooked coverage line on commercial accounts. Most, if not all, commercial clients face some kind of environmental loss exposure that is not covered by many standard Commercial General Liability and commercial property policies. This is because of broad pollution exclusions and fungi, mold, and bacteria exclusions. You can use the conversation around these loss exposures and environmental insurance to lock down renewal accounts and to land new accounts.

On average, insurance industry retention goes from 75% with one line of coverage written to 92% when three lines of coverage are written. You want to secure your renewals so you have more time to prospect and grow your book of business, right? One way to do that is to offer environmental insurance to your current commercial clients. It shows your clients value, because you are cognizant of the many risks they face and how to properly cover them.

The discussion on environmental insurance also works incredibly well as a door opener on new accounts; it shows them you really know what you’re talking about, because odds are no one else has brought this up to them.

Check out the products below and reach out to your ARMR broker to learn how you can make an incredible run on new business production in 2018 with environmental insurance.



ARMR HPR™ Program

This revolutionary program has been in development for over seven years and is one-of-a-kind! The ARMR HPR™ program has two parts and consists of a modified Environmental Impairment Liability (EIL) policy that provides coverage for common irritants and contaminants such as fungi, mold, and bacteria as well as lead and asbestos combined with a Water Emergency Response Management (WERM) Plan, which comes at no cost to the insured. The program is geared towards clean, commercial construction and faces a market that is 99% untapped. Every commercial property owner or manager in the country has an environmental loss exposure and should have the ARMR HPR™ program in place.



Contractors Pollution & Professional Policy

A Contractor’s Pollution and Professional Liability insurance policy is a contractor’s coverage solution for the gaps in their Commercial General Liability insurance coverage created by pollution exclusions, fungi or bacteria exclusions, and professional services exclusions. Contractors working in the built environment who could cause a water loss, have mold and bacteria exposures. On top of that, with construction defect issues on the rise, a combined pollution and professional policy works to pair these coverages together to cover a broad amount of loss exposures for your contracting clients. ARMR is appointed with the handful of carriers that offer this specialized product, allowing us to offer insight on the coverage line and advise on the best solution for your clients.



Fire/Water Restoration Insurance Program

Potentially the most successful ARMR product to date, this liability-based offering includes Commercial General Liability, Contractor's Pollution Liability and Professional Liability coverages in one policy. We also can offer Commercial Excess, Business Auto and Workers Compensation in some cases. The ARMR restoration insurance program is modified to include the IICRC S500 and S520 water and mold mitigation standards for cleanup in the Professional Liability coverage, making it a stand-out product for the class of business. ARMR writes over 2,000 of these firms across the country and has a 90% hit ratio on this class of business.



Farm Owners & Applicators Program

Another program invented by ARMR in 2014, this product features manure, bacteria, nitrates, and odor in the definition of a "pollutant". Farms have begun to look more and more like industrial polluters and have come under federal scrutiny for the mishandling of waste. Every farm in the country is drastically underinsured for their environmental loss exposures today. The ARMR Farm Owners & Applicators program aims to fill the coverage gaps in standard policies sold to farms and similar operations for the environmental loss exposures they face.



Contractor's Pollution Liability

Contractor's Pollution Liability (CPL) insurance is the most profitable line of environmental insurance ever created. It was invented by ARMR's president and CEO back in the late '80s. Minimum premiums are as low as \$1,500 and the coverage can be utilized on any type of commercial contracting risk, from electricians to plumbers, to a fuel spill, excavation, and hazardous waste cleanup contractors. Every contractor in the country has some level of environmental loss exposure created by pollution exclusions that have been on their standard liability insurance policies since 1986. The opportunities in this product line are abundant.



Honesty | Integrity | Knowledge | Excellence | Accountability

Conclusion:

Almost every commercial risk faces some kind of environmental loss exposure. When these exposures are not properly covered, the consequences can be severe. Not only does having the environmental insurance conversation help protect your client from business crippling losses, it is also a great prospecting and retention tool.

You now have a strategy for retaining renewal accounts as well as for attracting and writing new clients. Take the products and the knowledge offered by ARMR as your environmental insurance resource and win entire accounts. New Year, New Business!



GOOD TO KNOW

Call an EIL specialist at ARMR.Network to learn more about EIL coverage and how you can better advise your clients of environmental risks they may be exposed to.



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American Risk Management Resources Network, LLC is a wholesale brokerage firm that can help with many different environmental insurance placements not just Contractor's Environmental Liability! There are many hidden opportunities in many classes of business!

OTHER ENVIRONMENTAL PROSPECTS WE CAN HELP WITH!

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**FEB
2018**

Underrated Environmental Exposures

5 Contractors with Underrated Environmental Exposures



1

Fire & Water Restoration Contractors



2

Mold, Lead, or Asbestos Abatement Contractors

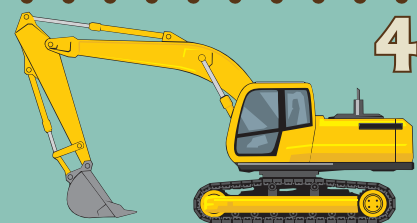


3



Indoor Air Quality Professionals

4



Soil & Groundwater Sampling, Excavation, & Treatment Contractors

GOOD TO KNOW

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Carpet Cleaners

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All too often, when people hear pollution or environmental in relation to contractors they think nuclear bombsite cleanup contractors or Superfund site remediation contractors. While these are good examples of risks that possess environmental loss exposures, it's important not to develop a pinhole when it comes to assessing whether a contractor has environmental loss exposure.

Most Commercial General Liability (CGL) policies contain at least one pollution exclusion that precludes coverage for bodily injury and property damage arising out of the *actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants"*. Many people get hung up on the term "pollutants". They think dangerous chemicals, acids, and hazardous waste. However, in most definitions of what constitutes a "pollutant", the key terms are *irritant and contaminant*. That may seem vague and make you question what could be considered a pollutant. The answer is anything. Anything that gets somewhere it shouldn't (contaminates) and/or causes issue in a particular space or environment (irritates). For example, there are cases where milk has been ruled as a "pollutant". Perhaps a bit more familiar, asbestos has been recognized as an irritant and lead a contaminant in case law across the U.S.

In the following sections, we look at how this broad application of pollution exclusions translates to environmental loss exposures for contractors that, in the classic sense, are thought not to possess this type of exposure.



Fire and Water Restoration Contractor

Fire and water restoration contractors are the saviors that come in after a home or commercial building has experienced some kind of loss from, you guessed it, fire or water. A few common examples of losses that fire and water restoration contractors will respond to and remediate are kitchen fires, flooding from storms, and water intrusion from a tree falling on a house.

Due to the types of losses fire and water restoration contractors are commonly responding to, they face a significant number of environmental loss exposures. Perhaps the two most prominent are mold and bacteria in the form of Category 3 Water. Any job that involves water on drywall has the proclivity to become a moldy mess. In fact, water on drywall can result

in mold in as little as 72 hours in the right conditions.

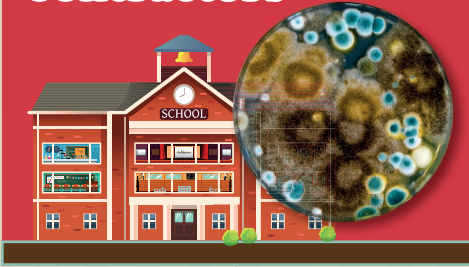
For fire and water restoration contractors performing water extraction services, which is most of them, their job is to remove any standing water, bring down the humidity levels in the structure, and dry it out. Failure to do so quickly enough or correctly, can result in mold growth. Category 3 Water is water that is grossly contaminated with bacteria; a few examples include any water escaping from a drainpipe, wet fire suppression systems, or all water that comes into contact with soil. So, a good number of flooding events within a structure involve Category 3 Water.

Both mold and bacteria fit nicely into the terms *irritant and contaminant*, because of their abilities to infiltrate environments and also to make people sick. In many states, case law labels bacteria as a "pollutant". Mold and bacteria are dangerous enough in the eyes of insurance companies to warrant their own, separate exclusion on many CGL policies, commonly called the Fungi or Bacteria Exclusion.

Fire and water restoration contractor also may be exposed to other "pollutants" such as asbestos or lead given their work in the built environment. Given their exposure to "pollutants", they carry the risk of causing some kind of escape, dispersal, or release, which coverage is excluded for on most CGL policies. Therefore, it is important that they carry the appropriate insurance. CGL, Contractor's Pollution Liability, and Professional Liability combine form policies exist for the class of business and can be tailored to cover them for their various environmental loss exposures.

Mold, Lead, or Asbestos Abatement Contractors

2



Mold, Lead, or Asbestos Abatement Contractors

Segueing from fire and water restoration to mold, lead, or asbestos abatement contractors, the environmental loss exposures are similar and probably more obvious with this class of business. Abatement contractors are called in when the presence of a contaminant is discovered and, therefore, it is known. For example, no one is calling an asbestos abatement contractor to come out and perform work unless they've found asbestos that needs to be removed and properly disposed of.

Asbestos and lead are almost uniformly labeled as "pollutants" across the U.S. and there can be separate exclusions for them on CGL policies. Similarly, as discussed above, mold is often litigated as a "pollutant" and many CGL policies have a separate exclusion for fungi (mold). So, pretty much every job a mold, lead, or asbestos abatement contractor shows up

to involves a "pollutant".

Given this considerable exposure, abatement contractors are constantly at risk for causing a pollution condition or incident (i.e. the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants"). It's incredibly important that these contractors are properly insured to provide coverage for the various "pollutants" they are exposed to in their work that could turn into third party claims for bodily injury, property damage, or cleanup costs. There are specialized programs available in the environmental insurance marketplace for abatement contractors.



Indoor Air Quality Professionals

Indoor air quality consultants have become more and more prevalent in the past few decades. These contractors or consultants may perform asbestos air monitoring and testing, HVAC installation and analysis, radon testing, and various other services related to the built environment.

In the case of indoor air quality specialists, incorrect performance of their work can result in people getting sick and even dying. Take for example a mechanical contractor who installs and monitors the HVAC system in a nursing home. Improper installation can result in all kinds of issues including poor ventilation and humidity issues resulting in mold growth or the development of harmful bacteria such as Legionella. These things along with many of the other substances and gases that indoor air quality

professionals consistently encounter such as asbestos, lead, and radon to name a few will trigger pollution exclusions in many CGL policies.

A significant portion of the environmental loss exposures faced by indoor air quality professionals falls on their Professional Liability or Errors and Omissions (E&O) insurance. Many times, an environmental claim against them will revolve around them not doing their job correctly or following certain standards or guidelines, making it a professional claim. It's important to make sure these consultants and contractors have the right lines of coverage in place and that they are specially designed to cover what it is they do for a living.

GOOD TO KNOW



Soil and Groundwater Sampling, Excavation, and Treatment Contractors

Another set of contractors that have more environmental loss exposure than many people think are soil and groundwater sampling, excavation, and treatment contractors. These contractors will do testing for various contaminants in both soil and the groundwater. Some will also perform the actual removal of earth and treatment of contaminated soil and groundwater.

For the sampling and testing services, there is significant professional liability related to doing the testing correctly. However, the action of retrieving the sample also opens the consultant up to the risk of

exacerbating existing conditions or causing additional contamination. Full-on excavation has further risks; for example, an excavation and grading contractor was hired to grade an industrial site after the demolition of the existing buildings. The property was being developed into a new shopping mall. Unbeknownst to the contractor, the site contained asbestos left in the soil from the demolition. While grading the site, the contractor spread asbestos contaminated soil over 80% of the property. As a result, the contaminated soil had to be removed and disposed of properly at a cost of \$500,000.

Recall one of the operating terms in most definitions of “pollutants” is *contaminant*. When it comes to soil and groundwater sampling, excavation, and treatment contractors, they’re spending a good amount of time testing, removing, and treating various contaminants in soil or groundwater. Therefore, pollution exclusions on most CGL policies preclude coverage for a significant portion of their operations, making it imperative that specialized environmental insurance is purchased to fill the coverage gaps.



Carpet Cleaners

The carpet cleaner may be the most surprising contender to make this list. Most people think “What kind of environmental claim could a carpet cleaner create?” Many would be surprised at the environmental loss exposures that the every-day carpet cleaner faces.

Because of their work in the built-environment with liquid cleaning solutions, they have mold exposure. Use of the cleaning solutions can increase the moisture levels in a room or structure and excessive moisture can lead to mold growth in the right conditions. If they are performing work post any kind of flooding or drain backup, they have bacteria exposure, because of Category 3 Water, which we discussed in a previous section.

Carpet cleaners can also experience environmental claims unrelated to the development of harmful organisms. For example, a carpet cleaner cleaning the corporate headquarters for a large amusement park received a claim against them because of an overly potent scent from their citrus cleaning solution. They had used the cleaning solution in the past, but when cleaning the headquarters, the scent would not dissipate. Despite several failed attempts to rectify the situation, the cleaner started to receive complaints from the employees at the corporate headquarters claiming they could not come to work because of the overpowering odor and that they were developing asthma. The claim triggered the pollution exclusion on the CGL policy, which denied the loss. Fortunately, the carpet cleaner had purchased a Contractor’s Pollution Liability policy, which picked up the loss, because the claim ended up being over \$150,000.

As shown by the claim example above, it’s important for carpet cleaners to have proper environmental insurance coverage in place to fill the coverage gaps for their environmental loss exposures created by pollution exclusions on many of their CGL policies.

Conclusion:

The biggest takeaway from this is to not underestimate the environmental loss exposures for every-day contractors. The broad application of pollution exclusions as well as the introduction of other pollution-like exclusions such as the Fungi or Bacteria Exclusion have created environmental loss exposures for some of the most unlikely service providers.

From there, it's important to note that the solution to covering various contractors' environmental loss exposures is **not** to just purchase any off-the-shelf environmental insurance policy. Environmental insurance policies such as Contractor's Pollution Liability were originally designed for hazardous waste cleanup contractors, so many policies must be adjusted to work for every-day contractors such as fire and water restoration contractors, abatement contractors, and carpet cleaners. In addition, environmental policies are not regulated and can vary drastically from carrier to carrier. This is where the use of a specialized environmental insurance specialist is necessary. This means working with someone who takes time to understand the risk, research coverage, and provide a solution – not just someone with market access who can provide a bunch of quotes.

At ARMR.Net, we pride ourselves on being our clients' knowledge resource and not just a market access point. Severson Ridge Environmental Underwriters is no exception. Consisting of team members with considerable experience in the environmental insurance market, they possess the knowledge to properly insure your clients for what they do for a living. Because of this experience and knowledge, they have capacity to underwrite all of the risks discussed above. Learn more about Severson Ridge Environmental Underwriters by visiting seversonridge.com or calling (608) 836-0551.

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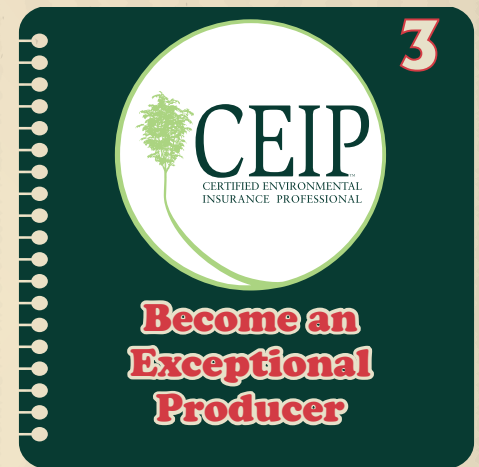
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5 Tips On How to Effectively Utilize It to Your Advantage and Venues to Learn the Product Line.



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Endless Opportunities

What was the last environmental insurance policy you sold or offered your clients? The answer is most likely less than one. In a market that is only being utilized 1% with over 30 years of availability, it is odd that it is not offered more.

"Contrary to popular belief, environmental insurance is inexpensive relative to the losses incurred." - David Dybdahl

With Mold now being the number one claim in America and 99% of commercial property owners and managers underinsured or not insured for any loss involving a spec mold, fungi, or bacteria: This provides an exceptional opportunity for you to reach an untapped market. New business opportunities are at an all-time high!

Every agency has clients with environmental exposures. "Pollution isn't just barrels of toxic chemicals in a landfill or lead and asbestos in old houses. Mold, bacteria, carbon monoxide, odors, and even manure—here in America's Dairyland—have been classified as pollutants. Almost every agency writes farms, commercial properties, contractors, plumbers, HVAC techs, and transportation risks. As a result, these agencies have opportunities to increase sales by presenting environmental insurance to clients, and to protect their E&O by having those conversations." Says David Dybdahl in the recent article of Roughnotes.com -

<http://roughnotes.com/index.php/everything-you-didnt-know-about-environmental-insurance/>

"Rates are favorable for insureds, and there's no better time for retailers to learn about the coverages and offer them to their clients."

Seize your moment! www.armr.net/hpr



Avoiding Specialty Coverage lines = E&O Soup

Not offering clients environmental insurance is no longer excusable. There is an expanding need to offer specialty coverage lines due to increased exclusions in standard lines. We all imagine smoke stacks and landfills as risks that need environmental insurance however, pollution exclusions can come into play on risks such as hotels, hospitals, even your local carpet cleaner!

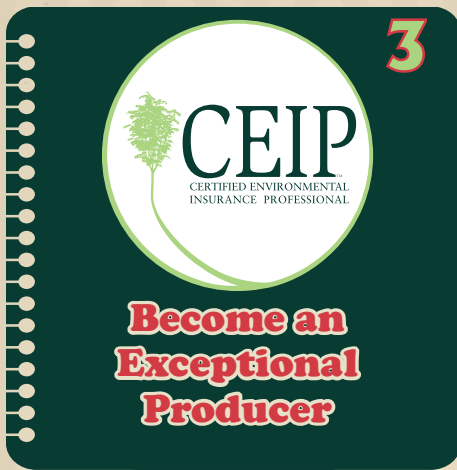
With this broad scope of exposures, pollution conditions can arise from anywhere and essentially from anything. Anything in excess can be deemed a pollutant. For example, there is a case where whiskey in a river became one of the largest pollution claims of the year!

"The pollution exclusion can even come into play during something as seemingly innocent as a barbeque picnic held for employees. In one instance, while cleaning up after the meal, employees hosed down the barbeque grill. The contents of the grill ended up in a stream, and the business was sued for contamination." *Jim Redeker is vice president and claims manager at Swiss Re Corporate Solutions*

All these claims examples leave you as the agent liable for an E&O claim if you did not offer environmental insurance and your client experiences a loss!

As Jim Redeker says "Bottom line: Offer pollution coverage to every commercial client, and document the conversation. It'll go a long way in defending your agency in a subsequent suit—and it will also qualify your agency...in the event that your agency faces a claim for not placing pollution coverage."

<https://www.iamagazine.com/magazine/read/2018/02/01/which-commercial-clients-need-pollution-coverage>



Become an Exceptional Producer

To become an exceptional producer it takes more than sending applications and turning around quotes quickly. A skilled producer can presell the proper policies to the client before applications, underwriters, and quotes are involved! We all are searching for our competitive advantage in a competitive industry. This course training will not be focused on the teachings of environmental insurance but rather concepts that can be applied to your daily job.

Attend The first of the Certified Environmental Insurance Professional (CEIP) courses:

The Exceptional Producer Training will be Hosted at the Sheraton Fisherman's Wharf

Monday June 18th, 2018 1:00pm - 5:00pm

- Learn sales techniques and strategies to excel.
- Learn how to increase closing ratios by 300% by following a 4 step sales process.
- Learn to use leveraged marketing platforms to expand your prospect base.

Register Today! For More information visit: <http://seipro.org/ceip>



Join SEIP: It's FREE

Join The Society of Environmental Insurance Professionals for FREE.
www.seipro.org/join

The Society of Environmental Insurance Professionals (SEIP) is a 501 c.3. Nonprofit association dedicated to helping its members utilize environmental insurance products to provide more valuable services to their customers. SEIP enhances the professional capabilities of its members through focused educational forums, technology-enhanced knowledge management, and access to specialized multi-disciplined resources in fields related to environmental risk management. You do not need to be working in the environmental insurance product line to be a member or attend the world-renowned events!

Don't Miss out on the Event of the Year:

2018 SEIP: Expanding the Market. You don't have to be working in environmental insurance attend! We provide the only venue in the world that addresses the barriers, advancements, and solutions to the environmental risk management and insurance industry's most pressing issues. In 2017, 150 professionals from around the world joined us in Atlanta. We expect even more in 2018! More stakeholders, More Brokers & Agents, More Content, **More Networking!** SEIP 2018 provides a unique opportunity to interact and engage with some of the best and brightest in the business!

When: June 18th -20th, 2018

Where: San Francisco, CA | Sheraton Fisherman's Wharf

Register HERE





Why Environmental Insurance Matters

Insurance is the de facto risk governance mechanism in the economy. The insurance mechanism uniquely harnesses the global knowledge of risk through the reinsurance marketplace and automatically incorporates the cost of insured risks into the price of goods and services in real time. Insurance has the inherent ability to reward safe behaviors and increase the costs associated with risky behavior.

Pollution exclusions have the effect of uncoupling the inherent advantage of the insurance mechanism for environmental damage claims. The result is the perpetuation needlessly risky behaviors and needlessly uninsured environmental losses.

After 30 years of continuous product availability and extremely cheap pricing, today only about 2 out of a 100 insurance buyers has the environmental insurance they need to fill coverage gaps created by pollution/fungus/mold/bacteria/category three water exclusion. This dismal market acceptance of the environmental insurance product line flies in the face of a 2,000% price reduction in 10 years for mold coverage on condos for example. Environmental insurance policies with loss ratios of 300%, passed up for purchase more than a decade ago, can form the foundation for denied insurance claims measured in the hundreds of millions of dollars today. The only explanation for the 1% market penetration in a product line with such low pricing is the absence of education venues in the subject matter.

SEIP was created to be the source of knowledge in environmental risk and insurance to facilitate informed decisions on environmental risk management!

Attend CEIP & SEIP: These are your tools!

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**MAY
2018**

The New ARMOR MGA

*5 Useful Pieces of Information About our New MGA:
Severson Ridge Environmental Underwriters (SREU)*



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What is a MGA?

A Managing General Agent (MGA) is an insurance agency or brokerage that is granted authority by an insurance company to administer insurance programs and negotiate contracts on its behalf. The MGA acts as an intermediary between the carrier and retail insurance agents or wholesale brokers. However, an MGA is more than just an extension of an insurance company. It is a group of underwriters who specialize in a particular risk class and/or coverage line; commonly MGAs are involved with complex, unusual lines of coverage that require specialized expertise to underwrite.



Why Should Agents or Brokers Use an MGA?

The world is ever changing and evolving. The standard or general insurance market is not always willing or able to respond to these changes, leading to specialized sectors and markets within the industry. MGAs are a prime example of just this. They are commonly formed to write unusual or complex lines of coverage or provide coverage for unconventional risks that standard markets might not write. In fact, the insurance company granting authority to the MGA may not normally write the specific coverage or certain risks except through an appointed MGA. They are comfortable writing coverage with an MGA, because practiced underwriters in the MGA are familiar with and experienced in the specific risk or specialized coverage.

These MGA advantages translate to benefits to agents and brokers as well. Working with a specialized group of underwriters on a particular risk or coverage ensures you are receiving knowledge and expertise on that placement. For example, *Severson Ridge Environmental Underwriters* specializes in restoration and remediation contractors. The underwriters in our MGA have in-depth knowledge on restoration contractors including their operations, industry trends, and specific coverage needs. A general underwriter at another insurance company may be willing to write coverage for a restoration contractor, but they might not have the proficiency in the class that SREU has. They may not truly understand the risks that restoration contractors face and, therefore, may not construct coverage to cover them for their full operations performed or the liabilities they face.



GOOD TO KNOW

What Sets the SREU Apart From Other MGAs?

3



What Sets the SREU Apart From Other MGAs?

American Risk Management Resources Network, LLC (ARMR) operates within two arenas of the environmental insurance industry space: the brokerage side and as an MGA. With that said, our brokerage and MGA portions are separate and operate independently. Our MGA is like most other MGAs out there; we work with retail agents and wholesale brokers, we negotiate coverage terms, and we bind policies. However, *Severson Ridge* sets itself apart in three distinct ways: environmental insurance industry knowledge, restoration contractor industry expertise, and an understanding of how brokers and agents work.

The first one is in environmental insurance industry knowledge. We are fortunate enough to learn from the creator of the Contractors Environmental

Liability (CEL) policy, which is commonly referred to by its infamous product name, Contractors Pollution Liability (CPL). This policy was originally designed for nuclear bombsite clean-up contractors and has evolved from there. *Severson Ridge Environmental Underwriters* are keyed into the history of environmental insurance as well as recent advancements and changes in the industry, so we are well versed in all things environmental insurance.

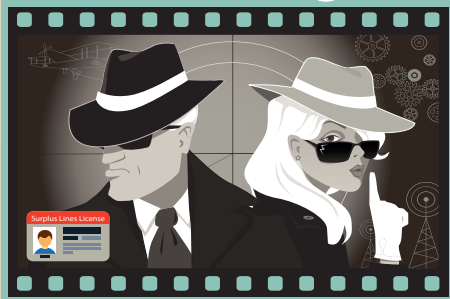
Severson Ridge Environmental Underwriters' expertise in the restoration contractor industry comes from the early beginnings of ARMAR itself. ARMAR originally started and, for a while, solely focused on the insurance needs for restoration contractors. Underwriters in *Severson Ridge* have learned the business because of this; for example, learning how restoration contractors operate and how they are trained comes from ARMAR staff's involvement in restoration tradeshow and various professional associations for restoration and cleaning contractors. Having this "insider knowledge" makes *Severson Ridge Environmental Underwriters* competitive coverage-wise and pricing-wise. It also allows us to stay up-to-date on the restoration industry and adapt our insurance policies to meet their needs.

Lastly, our underwriters have a unique understanding of the agents' and brokers' job. Not all underwriters have been a broker in a previous life or have a window into the brokerage world like we do at *Severson Ridge Environmental Underwriters*. This gives us a leg up, because we understand what brokers are dealing with every day. We know folks need things fast and are under constant competition. When you work with SREU, you will receive effective selling techniques highlighting certain aspects of the insured's operations, relevant coverage analysis, and responsiveness that is unlikely to be found within the industry.



Who Can Use Severson Ridge?

4



Who Can Use Severson Ridge Environmental Underwriters (SREU)?

Virtually any agent or broker with a surplus lines license can work directly with Severson Ridge! While ARMAR does have a brokerage side, SREU is separate and works direct with external retail agents and wholesale brokers. Since the MGA writes coverage with a non-admitted insurance company, you must hold a surplus lines license in the state for which the particular risk is domiciled in order to work directly with the MGA.

If your agency for brokerage does not hold a surplus lines license, don't sweat it! ARMAR has brokers who are able to seamlessly facilitate a relationship between your agency and *Severson Ridge Environmental Underwriters*. While this does add a middleman to the equation, you can

trust that the ARMAR broker will bring a great deal of knowledge and impeccable service. Also, keep in mind that working with an ARMAR broker opens you to the opportunity to write a great deal of other environmental risks outside of SREU's appetite.

Severson Ridge Example

5



Severson Ridge Example

Recently Severson Ridge was able to place a new piece of business that the other environmental carriers were unwilling to do due to large, open claims – over \$400,000 in open claims! The collective knowledge of Severson Ridge and its underwriters in the restoration industry played a big part in our ability to do so. We were able to evaluate the claims and discern that changing a few things in how the contractor operates could prevent similar claims in the future. Offering these risk management suggestions and knowing they would be effective, made us feel comfortable writing the account where many other carriers were not. By having the understanding of the restoration contracting business that we do, we were able to look past the claims concerns, coordinate and

structure effective preventative measures and offer coverage when many insurance carriers were unwilling. We pride ourselves on our knowledge and our ability to help in difficult situations.

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- Fire & Water Restoration Contractors
- Mold/Asbestos/Lead Contractors
- Asphalt and Paving Contractors
- Environmental Contractors
- Waste Water Treatment Plants
- Landfills
- Farms
- Municipalities
- School Districts
- Plumbers, Roofers, & Artisan Contractors
- Hotels, Condo & Apartment Building Owners or Managers
- Property Transfers Including Purchase & Sales, Mergers & Acquisitions
- Roustabouts, Freshwater Haulers, & Fracking Support Contractors

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**JUNE
2018**

Contractors:

Professional Liability vs Errors & Omission

What to Know and What to Look Out For



1

Definition of “Professional Services”



2



“Wrongful Act” Definition Wording

Coverage for Faulty Workmanship



3

Coverage for Subcontracted Work

4



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Mitigation Expense or Rectification Expense Coverage

6

Coverage for Bodily Injury



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GOOD TO KNOW

The terms Professional Liability insurance and Errors & Omissions (E&O) coverage commonly spark thought of traditional professionals such as doctors, accountants, and attorneys as well as architects, engineers, and consultants. However, as the construction industry continues to change and the responsibilities of design firms and contractors morph, the professional loss exposure for contractors becomes more and more important to address.

Outside of negligent design, contractors also face professional loss exposure from other errors or omissions during routine operations and services, which commonly go uncovered under Commercial General Liability (CGL) policies. Therefore, it's imperative that insurance agents and brokers be familiar with contractors Professional Liability and E&O coverage offerings and know what to look out for.

In recent years, contractors Professional Liability insurance and contractors Errors & Omissions coverage have become interchangeable terms in the insurance industry as well as in insurance requirements and construction contracts. Today's insurance market offers around 20 different types of professional liability or E&O coverage that can be purchased by contractors. Some carriers call the coverage Contractors E&O while others name it Professional Liability. The titles are, essentially, synonymous, but often the coverage is not and can vary significantly from carrier to carrier. We will refer to it as professional liability moving forward.

Similar to how most environmental insurance policies differ in scope of coverage, professional liability policies are often not the same from across the industry. The base coverage forms vary in their insuring agreements, conditions, exclusions, and definitions. For example, one carrier may only offer coverage for architectural and engineering firms while another offers coverage for construction managers, design builders, and other traditional contracting type operations. In addition, a number of contractors professional liability insurance offerings are written in the surplus lines market, which makes it easy for carriers to manuscript their own coverage forms and endorsements.

Insurance requirements in construction contracts also use the terms interchangeably. This can create confusion and complication for insureds and agents alike. A contractual specification may require Errors & Omission coverage causing issue for a contractor who has a Professional Liability policy, making it more cumbersome to get approved for the job. It's very possible that their Professional Liability policy meets spec, since we know that the coverage titles are tantamount and the real focus should be on what coverage is actually being provided, not what it is called.

As a wholesale environmental insurance brokerage, we see a number of contractors professional liability and E&O policies. To emphasize their variability, below we go through some of the core aspects of these policies and provide a simple comparison between two policies we have reviewed. Of course, attention should be given to all aspects of a professional liability policy; however, the following areas specifically should be reviewed to ensure coverage is in place for the insured's operations and their professional exposures.

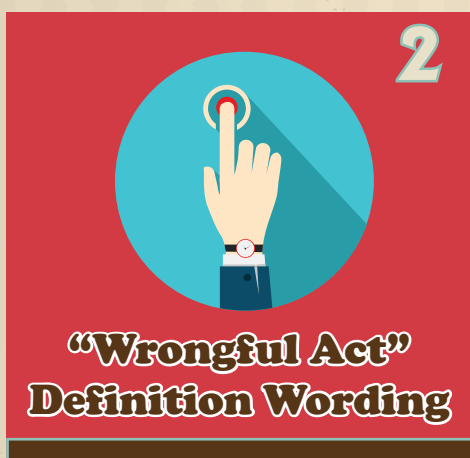


Definition of "Professional Services"

One of the first things to look at on a professional liability policy is its definition of "Professional Services". How it is defined can be the difference between broad professional coverage or a restrictive offering. At the very least, ensure that it is broad enough to cover all the operations of the contracting firm looking for coverage.

One policy we reviewed only referenced work as an architect or engineer in the definition of "Professional Services" whereas the other included those services performed for others.

Policy #1 Titled: "Professional Liability"	Policy #2 Titled: "Errors & Omissions"
Rendering or failure to render professional services as an architect or engineer	Those services performed for others by or on the behalf of the insured

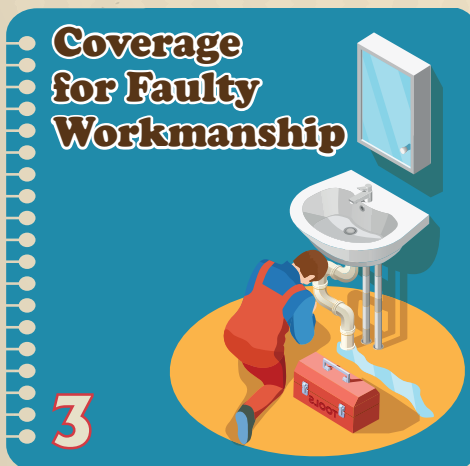


"Wrongful Act" Definition Wording

Similar to the definition of "Professional Services", how the policy defines a "Wrongful Act" matters as well. As defined in the International Risk Management Institute, Inc. (IRMI) online glossary, a "Wrongful Act" is the triggering event under most professional liability policies and typically is defined as an "act, error, or omission that takes place within the course of performing professional services".

The policies we reviewed each followed the above classic definition, but also offered further clarification. The first policy limited wrongful acts to only arising out of defined "Professional Services". The second policy added that a "Wrongful Act" applies to the insureds design work, workmanship, and use of defective products or material, which seems broader.

Policy #1 Titled: "Professional Liability"	Policy #2 Titled: "Errors & Omissions"
Only applies to specifically-defined "Professional Services"	Applies to design or workmanship of "Your Work" or use of defective products or material in "Your Work"



Coverage for Faulty Workmanship

Professional Liability and E&O policies can differ in their coverage for Faulty Workmanship. Some outrightly exclude it like the first policy we reviewed did. If you recall from the previous section, the second policy actually included this coverage by adding it to it's definition of a "Wrongful Act".

Policy #1 Titled: "Professional Liability"	Policy #2 Titled: "Errors & Omissions"
Excluded	Included under the definition of a "Wrongful Act"

Coverage for Subcontracted Work

4



Coverage for Subcontracted Work

Agents and brokers should also pay attention to how a professional policy handles subcontractors and subcontracted work. Depending on the contractor, whether or not subcontracted work is included may not seem like a big deal, but for others it is incredibly important. Watch for exclusions for subcontracted work in the policy or Subcontractor Warranty endorsements added to it. Also, check the definition of "Your Work" to ensure that wording is included for subcontracted work or work done on behalf of the insured.

Policy #1 Titled: "Professional Liability"	Policy #2 Titled: "Errors & Omissions"
Excluded	The "acts, errors or omissions of the insured's subcontractors" is included in the definition of "Your Work"



Mitigation Expense or Rectification Expense Coverage

5



Coverage for Bodily Injury

Many Professional Liability or E&O policies only provide coverage for economic or financial losses suffered by third parties, as opposed to bodily injury (BI) and property damage (PD) claims. This is because BI and PD claims are typically covered under CGL policies. However, there are professional policies that will provide coverage for BI claims. For example, the policies we reviewed both provided coverage for BI, but the second one only for after the completion of "Your Work".

Policy #1 Titled: "Professional Liability"	Policy #2 Titled: "Errors & Omissions"
Included	Excluded prior to completion of "Your Work"



Coverage for Bodily Injury

6



page 4

Mitigation Expense or Rectification Expense Coverage

Mitigation Expense or Rectification Expense coverage is a valuable supplemental coverage that can be included on some professional liability policies. Simply put, this coverage allows a contractor to file a first-party claim on their professional liability insurance for the direct costs and expenses to mitigate or rectify an act, error or omission in "Professional Services" or to prevent further damages that may lead to a claim.

Policy #1 Titled: "Professional Liability"	Policy #2 Titled: "Errors & Omissions"
Includes coverage to fix detected design errors without a third-party claim	Not included, requires a claim from a third party for damages to trigger coverage



The takeaway from all of this is to look past the name or title of a policy and focus on what coverage is actually being provided. Like environmental insurance policies, professional policies are not uniform. Agents and brokers should be wary of the policies they are selling, because, if they are not careful, they could be providing clients with insurance that is inherently flawed.

Professional Liability or Errors & Omission coverage is available as a standalone policy as well as in combined form policies. Various carriers provide a multitude of options with some working for certain contractors and others not. ARMR.Net regularly works with clients requiring professional coverage and we are happy to help as your resource!

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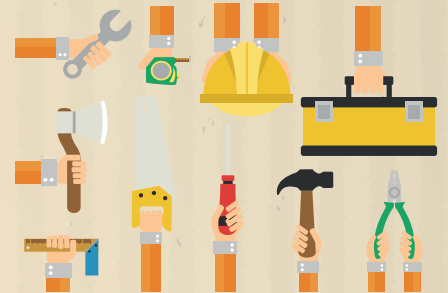
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**JULY
2018**

Contractor's Protective Indemnity Coverage?

5 Pieces of Valuable Information to Share with You



1

What is Contractor's Protective Indemnity Coverage?

How Does Protective Coverage Work?



Keep in Mind

3



Target Classes



4



GOOD TO KNOW



Wrapping It Up

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What is Contractor's Protective Indemnity Coverage?

Contractor's Protective Indemnity (Protective) coverage is a first-party insurance coverage that is designed to indemnify the Named Insured for a loss exceeding a subcontractor's insurance OR for the amount not covered by a subcontractor's insurance because the claim is limited or denied. In order to trigger, the loss must result from work performed by a subcontractor with which the Named Insured holds a contract and the Named Insured must first have taken necessary steps to recover the loss amount from the subcontractor and/or their insurance. Essentially, Protective coverage is designed to protect the Named Insured from under-insured subcontractors or from subcontractors with deficient insurance coverage. It provides a difference-in-coverage (DIC) above the underlying subcontractor's policy and extends coverage to the Named Insured in the event the subcontractor's policy is inadequate.

Commonly, Protective coverage is specific to a line of coverage; for example, two common lines of coverage that Protective is offered for are Professional Liability coverage and Contractor's Pollution Liability coverage. Both of these variations follow the general framework of Protective Indemnity coverage, but they apply to specific loss scenarios and requirements. In the case of Professional Protective coverage, coverage applies when recovery is being sought for a loss resulting from a negligent act, error, or omission on the part of a (sub)contracted design professional. Pollution Protective coverage, on the other hand, kicks in when a Named Insured is attempting to recover on loss that was caused by a pollution incident resulting from a subcontractor's work or services.

Contractor's Protective Indemnity coverage can be a bit confusing, because it works differently than standard liability coverages such as General Liability. The next section provides an example of the coverage in practice and how it would apply in a claim scenario to help clear up some of the confusion.



How Does Protective Coverage Work?

Let's look at an example of how this coverage would be applied. Imagine a construction manager who oversaw the construction of a new commercial building. As with many aspects of construction, they subcontracted out the installation of the HVAC system to a qualified mechanical contractor. Unfortunately, this mechanical contractor who designed and installed the ventilation system for the new commercial building miscalculated the cooling needs of the structure, which resulted in excess moisture and condensation within the building. This damp, humid environment led to mold growth in parts of the new building.

After the discovery of the mold growth, further inspection concluded that the inadequate HVAC system was to blame. Therefore, in addition to the property damage from mold growth and the costs for remediating the mold, additional economic losses were incurred given the HVAC system needed to be removed and replaced. Total costs to remove and replace the HVAC system for the whole structure came in at \$2,000,000. The mold remediation expenses were \$250,000, which is about average for a commercial mold remediation job.

The construction manager was operating under a guaranteed maximum price contract with the owner of the project and, ultimately, they were responsible for the design aspects of the building project. Therefore, they had little recourse with the owner and had to absorb these additional costs. One of the few remaining options is to seek recovery from the HVAC subcontractor and/or their insurance. The construction manager, in addition to a Commercial General Liability (CGL) policy, carried a combined-form Contractor's Pollution and Professional Liability policy with \$5,000,000 occurrence and aggregate limits that included both Professional Protective and Pollution Protective coverage. The HVAC subcontractor, in addition to their CGL policy, had a Professional Liability policy with a \$1,000,000 occurrence limit and \$2,000,000 aggregate limit.

Given the HVAC subcontractors design miscalculation, the construction manager files a claim for the removal and replacement of the HVAC system on the HVAC subcontractor's Professional Liability policy. They also file a claim on the subcontractor's CGL policy for the mold remediation costs incurred due to the under-performing HVAC system. Recall that the total costs to replace the HVAC system were \$2,000,000. The \$1,000,000 occurrence limit on the HVAC contractor's Professional Liability policy only covers half of these costs; the remaining \$1,000,000 is picked up by the construction manager's Professional Protective coverage.

Coverage for the mold remediation costs gets a bit more complicated. The claim made by the construction manager is denied by the HVAC contractor's CGL insurance carrier stating that coverage is precluded by the Fungi or Bacteria exclusion. This exclusion states that coverage does not apply to property damage which would not have occurred but for the presence of, any "fungi" or bacteria on or within a building or structure regardless of whether any other cause or event contributed concurrently or in any sequence to such damage. Fortunately, the construction manager has Pollution Protective coverage which steps in to cover the costs of the mold remediation, because it triggers for pollution conditions, which includes mold.

This is a simplified claims example and demonstrates a relatively easy claims experience. Being in insurance, we know that oftentimes things do not go this smoothly. The next section goes over some major coverage aspects to be aware of so that in the case of a claim, there are no big surprises in respect to what the policy is designed to cover and that expectations are set on how the claims process will proceed.



Keep in Mind

As stated in the first section and exemplified in the claims example segment, Protective coverage is often limited to a specific line of coverage and is not an end-all-be-all DIC coverage that sits over any subcontractor's insufficient policy. A lot of times, insurance carriers will call what is really only Professional Protective coverage "Protective Loss" coverage, which can imply more coverage being offered than is actually being provided. In the claims example above, the construction manager had two types of Protective coverage, Professional Protective and Pollution Protective coverage. There are significant differences between these two Protective coverage offerings. For this reason, it's important to review the policy forms to clarify what kind of Protective coverage is truly being given by the carrier. Coverage can be further refined through definitions, conditions, and other aspects, reinforcing the importance of reviewing

forms and endorsements.

In a real-life example, a well-known P&C carrier that offers a combined form Contractor's Pollution Liability and Professional Liability policies, provides an endorsement entitled "Contractor's Protective Indemnity Coverage". Further examination of the eight-page endorsement shows that is amending the Professional Liability insuring agreement to provide coverage for a protective loss in excess of a design professional's insurance. The loss must result from a negligent act, error or omission in design professional services performed by a design professional. So, essentially, this Contractor's Protective Indemnity coverage is limited to professional design work performed by a design professional despite its broad name.

Another important thing to note when it comes to Protective coverage is it is common for the legal costs or expenses incurred in bringing a protective claim against a design professional are excluded. This is significant, because many times one of the conditions for collecting on a Protective claim is that the insured must have taken all necessary steps to pursue and recover from the design professional or their insurance company. Legal expenses that the insured will incur to meet this condition will not be covered by the Protective coverage; this coverage is only designed to collect damages. Additional conditions apply for reporting, settlement, and cooperation much like other standard coverages.

Finally, one aspect of Protective coverage is often overlooked. It is important to note that is an excess coverage. Therefore, it will not respond until the underlying policy's coverage is determined, settled, or applied. In other words, the subcontractor's insurance limits must be exhausted, the claim denied, or some other situation making the insurance insufficient. In some cases, this can take years to settle the claim under the subcontractor's policy and until then the Protective coverage will not respond. That is not meant to take away from the coverage's inherent value, but simply to point out this aspect of the coverage that may go unnoticed or unrealized.



Target Classes

- Foundation Contractors
- Glass and Glazing Contractors
- HVAC or Mechanical Contractors
- Industrial Maintenance

Target Classes

By now, the advantages of this coverage should be clear. Protective coverage would benefit any entity that hires contractors, subcontractors, architects, or engineers to design, install, or perform various construction, environmental, or engineering services. Examples of target classes include but are not limited to:

- Construction Managers
- General Contractors
- Carpenters
- Drywall Contractors
- Electrical Contractors
- Insulation Contractors
- Masonry
- Plumbers
- Street and Road Contractors
- Geophysical Contractors
- Painting Contractors
- Roofing Contractors
- Utility Contractors
- Excavation & Grading Contractors
- Structural Steel Constructors
- Sewer and Water Contractors



Wrapping It Up

Wrapping It Up

At its core, Protective coverage offers a lesson on ensuring that companies are insured for the loss exposures they face, including the ones from hiring subcontractors. First, it is important to be covered for the actual services that a contractor performs and the associated loss exposures. In the case of the HVAC contractor in the claims example above, they did not carry Contractors Pollution Liability (CPL) coverage. This created issue when they had no coverage for the mold growth and damage resulting from their inadequate design of the HVAC system that required remediation. They clearly had a mold loss exposure, yet they were not adequately insured for that loss exposure. Unfortunately, this is a common occurrence for many businesses. Misinformation and unawareness around Pollution Exclusions

such as the Fungi or Bacteria Exclusion are widespread, leaving many companies underinsured or completely uninsured for their environmental and pollution loss exposures.

The construction manager on the other hand is an example of a contractor that is properly insured for their environmental loss exposures as well as the loss exposures from hiring subcontractors. They carried a combined form CPL and Professional policy with Professional Protective and Pollution Protective coverage. Without the Pollution Protective coverage, they would not have been able to fill the significant coverage gap created by the HVAC subcontractor not having a CPL policy.

Understanding the loss exposures clients possess and having knowledge of the insurance products designed to cover those loss exposures makes a huge difference in properly insuring a risk. Partnering with a specialty broker like American Risk Management Resources who works with risks like this day-in and day-out not only ensures that the client is adequately covered, but also offers peace of mind for your E&O risk.



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Site Pollution Liability Insurance

5 Useful Pieces of Information on SPL Insurance



1

General Site Pollution Liability Terms



2

Site Pollution Liability for Industrial



3

Site Pollution for Clean Commercial Properties



Site Pollution Liability for Developers

4



Conclusion

5



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General Site Pollution Liability Terms

Environmental Impairment Liability (EIL)

EIL is another term used for site pollution liability. Many insurance carriers will use this term when describing liability coverage for a particular property or site.

Pollution Legal Liability (PLL)

Similar to Environmental Impairment Liability, Pollution Legal Liability is another descriptive term used for site pollution liability. Many insurance carriers will use this term when describing liability coverage for a particular property or site.

Pollution Condition

A pollution condition is in general the release, escape, dispersal of a pollutant or constituent. In order for a site pollution liability policy to trigger coverage to the terms and conditions of the policy, there must be an event or pollution condition. For example, when a holding tank ruptures, that could be described as a pollution condition.

Pre-Existing Conditions

When we hear or see the word “conditions” in regard to environmental insurance, this simply means a pollution condition. There are two types of pre-existing conditions: known and unknown. Known conditions would be a pollution condition the applicant had knowledge of when procuring the environmental insurance for the property. Unknown conditions are pollution conditions the applicant is not aware of and are not uncovered in environmental reports at the time of procuring environmental insurance.

New Conditions

New conditions are pollution conditions that first occur after the policy has been put in force, or after the retroactive date associated with the specific property. This means that the release, escape, dispersal of the pollutant or constituent must first start after the retroactive date or policy inception for the policy to trigger.



Site Pollution Liability for Industrial

Industrial risks that own or operate at a specific property have environmental liability and insurable interest for that property if a pollution condition were to occur at or on their property or migrate to a neighboring property. Site pollution liability is intended for pollution conditions that occur at the owned or operated property and for conditions that migrate to a neighboring property. This includes pollutants or constituents that affect the soil, groundwater, atmosphere, or any body of water.

Industrial risks are more inclined to purchase environmental liability insurance coverage due to the nature of their operations and the environmental governing bodies encouraging or requiring the need for

financial assurance.

The coverages offered on the site pollution policy would depend on how adequately documented the location is for potential environmental conditions. The more documentation and risk management, the broader the coverage offering.



Site Pollution for Clean Commercial Properties

Clean commercial properties such as hotels, office buildings, apartments, and assisted living facilities are generally overlooked as a risk that needs environmental insurance coverage. For many insurance professionals, it is believed that their operations do not pose an environmental risk to a third party. However, just because their day to day operations may not directly cause a pollution condition, they still assume liability for poor indoor air quality as well as pre-existing unknown pollution conditions in the soil, land, water, and ground water.

Property and General Liability policies sold to commercial properties commonly include pollution, fungi and bacteria exclusions with very limited pollution coverage givebacks through endorsements where they

could very well not include core environmental insurance coverage grants. The various pollution, fungi and bacteria exclusions on property and General Liability policies drive the need for commercial property owners and managers to procure genuine environmental insurance coverage and risk management to help manage the indoor air quality and environmental loss exposures.

In January of 2018, Kari Dybdahl released the ARMOR HPR™ program to address the various environmental loss exposures commercial property owners and managers face daily that are overlooked in their insurance program. For more information on the ARMOR HPR™ program, please contact Kari Dybdahl, Program Manager at kari@armr.net or (608) 824-3341.



Site Pollution Liability for Developers

The need for site pollution liability for developers varies depending on their ownership and operation of the location or project. If the development company owns the land and is developing the property, they would need to procure a site pollution policy at the time of purchase. If the development company holds a ground lease on the location, they would need to procure a site pollution policy at the time of signing the lease and ask for a policy term for the full length of the ground lease. Site pollution liability policy terms can be 10 years in length to meet the ground lease terms.

If the developer needs to do investigation prior to the purchase of the land or before signing a ground lease, it is highly recommended that the development company put in place a Contractor's Environmental Liability (CEL) policy.

The site pollution policy coverages offered would depend on how adequately documented the location is for potential environmental conditions. The more documentation and environmental risk management, the broader the coverage being offered will be.

Conclusion

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Conclusion

The complexities of site pollution insurance are sometimes hard to wrap your head around. With our expertise and knowledge, we can guide you in the right direction.

We have worked with insurance professionals on a broad spectrum of various environmental risks from hotels to brownfield developments to international manufacturing acquisitions, just to name a few! To learn more about our background with environmental insurance, please visit our website www.armr.net.

We look forward to working with you on the next commercial property risk that hits your desk! Reach out to us today. Thank you for choosing us to be your environmental insurance resource.



GOOD TO KNOW

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OTHER ENVIRONMENTAL PROSPECTS WE CAN HELP WITH!

- General Construction Firms
- Fire & Water Restoration Contractors
- Mold/Asbestos/Lead Contractors
- Asphalt and Paving Contractors
- Environmental Contractors
- Waste Water Treatment Plants
- Landfills
- Farms
- Municipalities
- School Districts
- Plumbers, Roofers, & Artisan Contractors
- Hotels, Condo & Apartment Building Owners or Managers
- Property Transfers Including Purchase & Sales, Mergers & Acquisitions
- Roustabouts, Freshwater Haulers, & Fracking Support Contractors

Honesty | Integrity | Knowledge | Excellence | Accountability

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since 1999

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2018

American Risk Management Resources Network, LLC

5 Pieces of Information About the ARMR Network, LLC.



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The
ARMR.Net
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**We Are Not Your
Standard Wholesaler**

**ARMR.Net: Going
Above and Beyond
the Status Quo**

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GOOD TO
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**Where We Are
Today**



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Our Humble Beginnings

American Risk Management Resources Network, LLC, or ARMR.Net for short, was established in 1999 by husband and wife David J. Dybdahl, President, and Cynthia Statz, Chief Financial Officer. The ARMR.Net staff has grown from just Dave and Cindy to over 25 employees over the last 18 years. However, ARMR.Net was founded as a family business and remains so to this day. In addition to keeping its inclusive, supportive environment, three family members have joined the ranks and help make up the ARMR.Net family.

Dave has substantial experience in insurance. He obtained both his Bachelor and Master of Business Administration in Risk Management

& Insurance and Finance from the University of Wisconsin-Madison and he has both the Associate in Risk Management (ARM) and the Chartered Property Casualty Underwriter (CPCU) designations. Before starting ARMR.Net, Dave worked for some of the most well-known insurance brokerage firms in the industry and he acted as the Chief Knowledge Officer for one the largest firms in the world. He has placed insurance programs on some of the world's toughest environmental risks, including developing the first environmental insurance policies for Superfund contractors and insuring the remediation of Chernobyl for the World Bank in London. Dave has provided insurance consulting for the U.S. Environmental Protection Agency, the U.S. Department of Defense, and the U.S. Department of Energy.

Dave has been in the insurance industry, particularly the environmental insurance sector, for over 32 years. Given his experience, he now works as an expert witness in litigation involving insurance coverage disputes, predominantly those involving environmental or pollution losses and claims. To this date, he has worked on over \$1.2 billion of litigated claims. He continues his involvement in the industry through the ARMR.Net brokerage practice, guest lecturing at UW-Madison, and teaching continuing education classes for insurance agents and brokers across the country.



The ARMR.Net Mission Statement and ARMR.Net Values

Our mission statement reads:

"ARMR.Network is dedicated to fostering enduring relationships by providing innovative risk management and insurance products for our clients, while upholding the highest standards of service with integrity."

Our company values include:

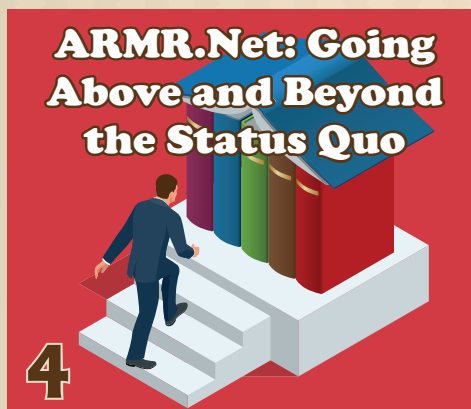
1. **Honesty**
2. **Integrity**
3. **Knowledge**
4. **Excellence**
5. **Accountability**



We Are Not Your Standard Wholesaler

ARMR.Net is not your typical wholesale broker. We are not a quote machine. We don't blanket the market to obtain multiple quotes and sell policies solely based on premium. We take the time to review the risk you have presented to us and dissect the needs of the insured. We're happy to do a no-cost policy review for any client! We can help you identify the gaps in the insureds current coverage and find or design a comprehensive environmental insurance program to fill those gaps. We then craft a market strategy, provide a premium benchmark, and arm you with the tools needed to sell the insurance to the insured. This includes claims scenarios to help you as the agent show your insured why they need this coverage. At the end of the day, this approach leaves

your clients properly covered and insured for their environmental loss exposures and you with a solid closing rate.



ARMR.Net: Going Above and Beyond the Status Quo

As mentioned earlier, we are not your average wholesale insurance broker. We are more than just a market access point – we are an environmental insurance resource. In addition to our brokerage practice, we are an education and information center on all things environmental insurance. We believe in educating our clients and we know that finding the tools and venues to become well versed in environmental insurance is hard. So, at ARMR.Net we offer continuing education (CE) classes, webinars, and other education opportunities as well as monthly industry updates and informational materials. Be sure to stay connected to ensure you don't miss out on any of our future offerings!



Where We Are Today

We are an organization bent on innovation and growth. At ARMR.Net, it is not uncommon for us to engage in new product design and implementation. Our most recent product release is ARMR HPR™. This one-of-a-kind environmental insurance program combines an environmental insurance policy tailored to indoor air quality loss exposures of commercial buildings with a certified loss prevention and management plan. This product shows that the best place to start writing environmental insurance is with the businesses you already have on your books. All commercial buildings face environmental and indoor air quality loss exposures that are not covered or severely sub-limited on

standard property and liability policies. ARMR HPR™ aims to fix this gap in coverage. We're excited to share this product with our clients and partners and look forward to seeing it grow.

We continue to tackle any and all environmental risks that come across our desks – from a fire and water restoration contractor to a contaminated property transfer. We pride ourselves on our knowledge and our experience. If you have an environmental account or even one that simply requires pollution insurance, we would be happy to take a look at it!

Conclusion



Summing It Up: Why Your Agency Should Work with ARMR.Net

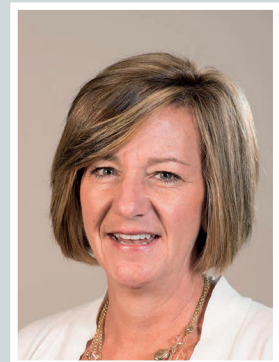
Here at ARMR.Net, we value knowledge and excellence. We're fortunate to learn from and train with industry veterans, which gives us a tremendous advantage. We also care about educating not only those that work for us, but also those who work with us. We are diligent in matching the insurance needs of the client to the available environmental insurance products and we are experienced in dealing with the routine environmental insurance placements as well as developing solutions for the more complex transactions. Our exceptionally qualified staff can quickly and efficiently evaluate the environmental insurance for you and your clients! Give us a call or send us an email today!

GOOD TO KNOW



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*Your ARMR
Production Specialist*



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