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Effectively Managing Risk
Insurance Strategies

PA Brownfields Conference
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Frank Crystal & Company

Presentation to

PA Brownfields Conference

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Discussion Points

- State of the Environmental Insurance Market
- Insuring Environmental Risks
- Environmental Risk, Business Risk and Insurance
- Construction/Development Risk

State of the Insurance Market

- Broadening Marketplace – New Players
 - Increased Competition Drivers
 - Pricing
 - Retentions
 - Customizing the policy to meet the needs of stakeholders
 - Lenders
 - Tenants
 - Community
 - New Products/Broadening Terms
 - Combined General Liability and Pollution Policy forms
 - General Liability Insurers willing to provide more coverage
 - Insurer Appetite to Insure Risk

Insuring Environmental Risks

- Known versus Unknown
- Release of Clean up Liability (Act 2)
 - Does not apply to Bodily Injury and Property Damage
- Regulatory Changes
- Construction/Development Risk
- Construction/Develop

Environmental Risk, Business Risk and Insurance

- **Known Contamination not always uninsurable –**
Examples:
 - Excavation during construction
 - Construction Risk Mitigates Environmental Clean up risk
 - Future/Intended Use
 - Tie known contamination exclusions to the following:
 - Source
 - Media
 - Constituent

Construction/Development Risk

Consequences:

- Lawsuits for 3rd party injuries or 3rd party property damage
- Damage to the project
- Delays causing unexpected / unbudgeted debt service continuation (other soft costs too!)
- Loss of revenue
- Construction / (Design) defect
- Bad Press: negative publicity, reputation impairment
- Increased cost of construction

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