

# **ARMR.Network Environmental Practice**

## **Memorandum**

September 19, 2007

### **Fixed Price Environmental Remediation Insurance**

*ARMR.Network* Your Environmental Insurance & Risk Management Experts

This is the second communication in a series designed to create competitive advantages for insurance agencies utilizing *ARMR.Network* as their Environmental Practice Group and environmental insurance wholesaler. For more information on *ARMR.Network*, please visit [www.armr.net](http://www.armr.net).

#### **THE INSURANCE PRODUCT**

*ARMR.Network* has developed a new environmental insurance product specifically designed to foster the redevelopment of smaller brownfield properties. We are proud to announce "fixed price remediation insurance" designed specifically for remediation projects with estimated clean up costs below \$2,000,000. The FPRI insurance effectively caps the cost of cleanup at a specified amount and transfers cost overruns to the insurer. The premium for FPRI insurance is typically less than 20% of total remediation costs.

#### **THE OPPORTUNITY FOR INSURANCE AGENTS & BROKERS**

The EPA estimates that there are over 450,000 brownfield sites nationwide. The vast majority of these sites can be cleaned up for less than \$2 million. Brownfield sites are typically contaminated real property often vacant and abandoned. Many owners, developers, and municipalities want to redevelop these properties but are reluctant to do so because of the uncertainty involving cleanup liabilities and lender financing concerns. With our new FPRI insurance product, sites with relatively low cleanup costs can for the first time obtain insurance that facilitates their redevelopment and alleviates liability and lender concerns.

#### **THE INSURANCE PRODUCTION STRATEGY**

There are thousands of brownfield sites in your area. Contact your state and local brownfield authorities for lists of properties and information regarding site owners and developers. Examples of properties likely to be brownfield sites include gas stations, manufacturing plants, dry cleaners, and auto repair shops. Please contact an *ARMR.Network* broker to obtain assistance in developing an effective production strategy.

*ARMR.Network* brokers can provide non-binding premium indications for FPRI insurance on specific projects usually within 24 hours. The information needed for a premium indication will include:

- The name and address of the project,
- The name of the contractor,
- The estimated remediation cost and duration,
- A description of the approved cleanup remedy.

Should the initial premium indication be acceptable, a complete submission should be prepared and forwarded to *ARMR.Network*. The submission requirements are outlined on our website.

Call an *ARMR.Network* today to make sure your book of business has the state of the art environmental coverage. *ARMR.Network* offers CE courses addressing environmental risk management and insurance issues. To arrange a course in your office, please contact any *ARMR.Network* office.



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