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News

# RT Specialty launches exclusive \$25mn infrastructure pollution cover with Beazley

13 January 2022



**RT Specialty has put together \$25mn of Beazley-led capacity to provide pollution coverage aimed at protecting stakeholders in large hard infrastructure projects from catastrophic environmental risk, *The Insurer* can reveal.**



So-called hard infrastructure projects include roads, bridges, airports, rail and ports.

The project-specific offering has been launched by the US wholesale broking giant's Environmental & Construction Professional (ECP) practice and is expected to see heightened interest following the recent signing of the \$1.2trn bipartisan infrastructure bill by President Biden.

John Heft, RT ECP senior vice president, told this publication the solution was already being

crafted well before the new legislation promised an upsurge in demand for insurance to cover large infrastructure projects, including public-private partnerships.

He explained that increasingly on larger projects where the contract holder is a quasi-governmental entity there is a requirement that the contractor, developer or other insurable entity is responsible not only for environmental conditions they cause while performing the scope of work, but also for any they discover during their work.

That could include discovering soil or groundwater pollution issues during excavation.

"Then along comes the infrastructure bill and we expect that Congress is not going to deploy those funds for the larger projects without requirements for robust environmental insurance.

"It's not only going to address contractors-driven pollution conditions but pollution conditions that would typically be the responsibility of the site owner, the property owner," Heft continued.

The cover is not aimed at smaller projects in the \$50mn range that could find plentiful capacity for traditional project contractors' pollution liability in the market.



Instead, it is targeting projects above \$500mn in size, and ideally above \$1bn.

The protection provides up to \$25mn of limit for each pollution condition and \$25mn in the aggregate, with higher limits available if required.

The paper is via Beazley at Lloyd's, with a line slip of other Lloyd's syndicates, and is available only through RT's ECP practice.

RT Specialty is also in discussions with other carriers to build out capacity on top of the Beazley-led program.

The policy term is up to 10 years for the insured project and up to 13 years including completed operations.

It provides full sudden, accidental and gradual pollution coverage, third-party bodily injury, property damage – including natural resource damages – emergency response and defence.

The policy has four main coverage parts: contracting services pollution liability coverage on an occurrence basis; covered location pollution liability coverage on a claims-made basis; non-owned location pollution coverage; and crisis and reputation management expenses coverage.

The contracting services and covered location coverages have transportation pollution liability built into the form.

## Unique offering

Although the coverages can be separately purchased in the marketplace, Heft said having multiple policies with multiple carriers may lead to problems on large projects.

"This eliminates most of that because it's with one market, and it's a single form. The goal here is to satisfy the need for the environmental insurance requirements under the contract," he explained.

Stakeholders in projects that can be named insureds include the developer, owner or general/prime contractor. Subcontractors and governmental entities can be scheduled or included as additional insureds.

"From our perspective this is unique because no other product is willing to take on the contracting exposure and the premises liability exposure on a single form. We also see the infrastructure pollution form as providing a competitive advantage for contracting entities bidding these projects.

"Those who take advantage can accept complex environmental insurance specifications while those who can't will try to push back on the owner entity.

"There's plenty of capacity out there but not with this type of policy form aimed to satisfy both of those environmental insurance requirements we anticipate for these larger projects," Heft commented.

### RT ECP infrastructure pollution offering

**AIM:** To protect all stakeholders from cat environmental risk relating to hard infrastructure projects (roads/bridges/airports/rail/ports) including Public-Private Partnership

**CAPACITY:** Led by Beazley; provides up to \$25mn each pollution condition/\$25mn aggregate. Higher limits available

**POLICY TERM:** Up to 10 years (PLL coverage part); Up to 13 years (policy + completed ops – CPL coverage part)

**DISTRIBUTION:** Exclusively through RT's ECP practice  
**KEY COVERAGES:** Full sudden/accidental and gradual pollution coverage, third party bodily injury, property damage (including natural resource damages), emergency response costs and defense