



THE EXPERIENCE

• CONVENTION AND TRADE SHOW •

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The Redhead Pollution Solution: Brutally Honest Insurance Truths for Restoration Contractors



Environmental Insurance Essentials: Building the Right Coverage

Core Coverages for Environmental Contractors

- General Liability Package
 - *Contractors Pollution Liability (CPL)*
 - *Professional Liability (IICRC & Consulting)*
 - *Bailees/Bailment Coverage (Care, Custody, Control)*
- Business Auto
- Workers' Compensation

Market Reality

- Fewer than **10 Insurance Companies** actively specialize in environmental risks.
- Specialized operations require specialized underwriting.

Key Takeaway

- **The right insurance program starts with the right Insurance Company—not just the lowest premium.**

Why Does the Pollution Exclusion Exist?

History of the Pollution Exclusion

- Asbestos was widely used in textured ceilings from the 1940's through the late 1970's.
- Widespread asbestos claims resulted in billions of dollars in losses.
- Carriers responded by adding the Pollution Exclusion to General Liability policies.

Today

- Most General Liability policies exclude pollution-related claims.
- Contractors Pollution Liability (CPL) fills this critical coverage gap for most of the work performed by restoration contractors.



What is considered a Pollutant?

Pollution:

Bodily injury, property damage or personal and advertising injury which would not have occurred in whole or part but for the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of **pollutants** at any time. For example, a liquid, solid, gas or fumes.

Examples of a pollutant include:

- Asbestos
- Mold
- Category 3 Water
- Lead paint and water lines
- Noxious gases, substances, and odors
- Toxic disposal sites



General Liability Claims: Learning from Common Mistakes

General Liability Covers

- Property damage
- Third-party bodily injury
- Legal defense costs

Common Mistakes

- Employees did not follow or know the Standard Operating Procedures
- Property damage
- Miscommunication between all contractors/trades on the same job

Risk Management

- Small claims may be more cost-effective to resolve internally.
- Excess Liability provides additional protection when claims exceed GL limits.

Business Auto Claims: Common Coverage Gaps

Business Auto Covers

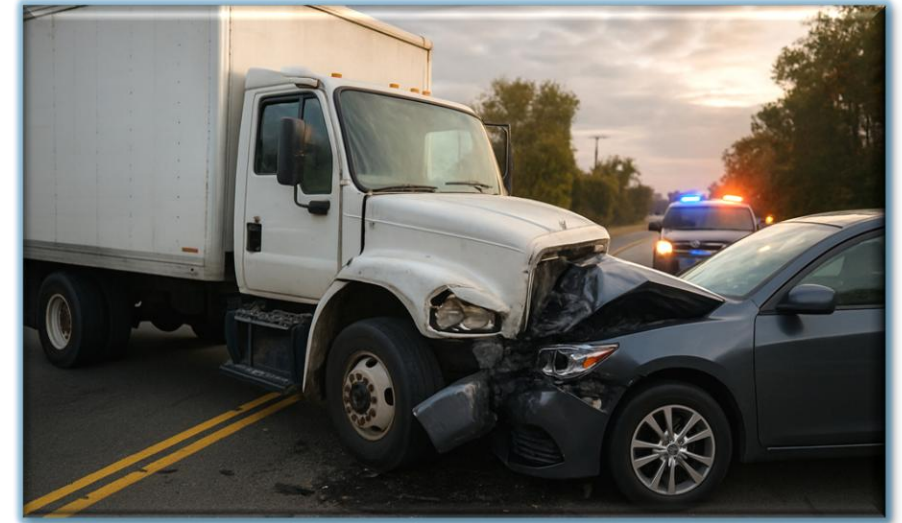
- Vehicle damage
- Third-party property damage
- Bodily injury liability

Common Mistakes

- Unscheduled drivers & vehicles.
- Employee's using company vehicles for non-work-related uses/taking vehicles home.
- Vehicle injuries of an employee can result in Workers' Compensation claim.
- Skipping the police reports and witness statements.

Key Takeaway

- **Keep your policy up to date with vehicles and drivers and maintain strong procedures and training for your employees so they know what to do in the event of a claim.**
- **Be picky who's allowed to drive.**



Workers' Compensation Claims: Protecting Your Employees & Your Business

Workers' Compensation Covers

- Employee work-related injuries and cumulative injuries
- Medical expenses
- Loss of income and rehabilitation
- Employer liability protection



Common Mistakes

- Not addressing employees for unsafe work habits (corrective action).
- Following through post workplace accidents.
- Accurate documentation and record keeping immediately following the incident.
- Assuming subcontractors have their own Worker's Compensation.

Key Takeaway

- **Strong safety practices to reduce claims, and collecting evidence of coverage from your subcontractors.**

Reducing Risk: Building a Strong Safety & Compliance Program

The Foundation of Loss Prevention

- Strong indemnification wording listed on your Certificates of Insurance (COIs)
- Obtain a COI from every subcontractor **before** work begins.
- Written Standard Operating Procedures (SOPs)
- Clear Subcontractor and Client Contractual Agreements to protect your company
- Comprehensive employee safety programs
- Fleet and driver safety programs
- Annual training

Key Takeaway

- **Prevention is your first line of defense; insurance is your safety net.**

Certificates of Insurance (COIs): Protecting Your Business

Best Practices

- Verify that requested coverages match your contract requirements.
- Understand the coverage/wording you're requesting—and the coverage/wording you're providing.

Common Insurance Requirements

- **Additional Insured** – Extends liability to another party for your operations/work performed.
- **Waiver of Subrogation** – Waiving your right to subrogate.

Key Takeaway

- **A COI is more than paperwork—it's proof of coverage and gives permission to submit a claim against you.**

INSR LTR	TYPE OF INSURANCE		ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS				
A	☒	COMMERCIAL GENERAL LIABILITY	Y	Y	ENV1234	01/01/2024	01/01/2025	EACH OCCURRENCE	\$ 1,000,000			
	☐	CLAIMS-MADE						☒	OCCUR	DAMAGE TO RENTED PREMISES (Ea occurrence)	\$ 100,000	
	☒	Contractors Pollution Liability						MED EXP (Any one person)	\$ 5,000			
	☒	Transportation Pollution Liability						PERSONAL & ADV INJURY	\$ 1,000,000			
	GEN'L AGGREGATE LIMIT APPLIES PER:							GENERAL AGGREGATE	\$ 2,000,000			
	☒	POLICY						☒	PRO-JECT	☐	LOC	PRODUCTS - COMP/OP AGG
	OTHER:							\$				
B	AUTOMOBILE LIABILITY		Y	Y	CA123456	01/01/2024	01/01/2025	COMBINED SINGLE LIMIT (Ea accident)	\$ 1,000,000			
	☒	ANY AUTO						BODILY INJURY (Per person)	\$			
	☐	OWNED AUTOS ONLY						☒	SCHEDULED AUTOS	BODILY INJURY (Per accident)	\$	
	☒	HIRED AUTOS ONLY						☒	NON-OWNED AUTOS ONLY	PROPERTY DAMAGE (Per accident)	\$	
											\$	
A	☒	UMBRELLA LIAB	☒	OCCUR	ENV1235	01/01/2024	01/01/2025	EACH OCCURRENCE	\$ 1,000,000			
	☐	EXCESS LIAB	☐	CLAIMS-MADE				AGGREGATE	\$ 1,000,000			
	☐	DED	☐	RETENTION \$					\$			
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY		Y/N	N/A	Y	WC123456	01/01/2024	01/01/2025	☒ PER STATUTE	☐ OTH-ER		
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)								☐		E.L. EACH ACCIDENT	\$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below										E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000
											E.L. DISEASE - POLICY LIMIT	\$ 1,000,000
A	Professional Liability (Claims Made) Retro Date: 01/01/2000				ENV1234	01/01/2024	01/01/2025	Each Claim Limit	\$1,000,000			
								Each Claim Deductible	\$5,000			
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required) Certificate Holder is included as an additional insured on a primary and non-contributory basis for ongoing and completed operations with respect to the General Liability and Auto Liability coverages (per forms CG 2010 and CG 2037 or their equivalent attached) when required by written contract. Named Insured agrees to carry appropriate coverages applicable to the work being performed on behalf of the certificate holder and as required by written contract. Named Insured agrees to hold Certificate Holder harmless of any loss, liability, damage or cost, including court costs and attorney's fees, that they may incur due to Certificate Holder's work performed. Waiver of Subrogation (attached) also applies in favor of the Certificate Holder with respects to the General Liability, Auto Liability, and Workers Compensation Coverages when required by written contract. Umbrella/Excess Liability follows form of the General Liability. 30 Day Notice of Cancellation will be provided to Certificate Holder for all policies. Subcontractor work is not excluded.												

Subcontractor Contract: The Foundation of Risk Transfer

Before Work Begins

- Use a written Subcontractor Agreement for every subcontractor.
- Receive a **signed** agreement **before** work starts on the jobsite with a COI.

Key Contract Provisions

- **Indemnification Wording** – Clearly defines responsibility for losses arising from a subcontractor's work.
- **Insurance Requirements** – Specify required coverages, limits, and endorsements.
 - General Liability
 - Contractors Pollution Liability (CPL)
 - Business Auto
 - Workers' Compensation (*even with no employees*)
- **Endorsements**– Require Additional Insured status and Waiver of Subrogation when appropriate.

Key Takeaway

- A well-written subcontractor agreement clearly assigns responsibility before a loss occurs—not after.

Client Contract: Setting Expectations & Reducing Risk

Before Work Begins

- Clearly define the scope of work and project expectations to the client.
 - *Be sure to include: names, address, phone number, detailed scope of work, performance measurements, and pricing invoice.*
- Outline your company's rights and responsibilities.
- The client agreement should help reduce misunderstandings and disputes with clients.
 - *Communicate operations with the customer daily, be transparent as the pricing changes throughout the job.*

Key Contract Provisions

- **Indemnification** – Assigns responsibility for losses, and transfers the risk.
- **Hold Harmless** – One party agrees not to hold another party liable for certain losses, damages, or claims that may arise from a contract.

Key Takeaway

- **You wouldn't dry a building with a box fan and good intentions. So why protect your company with a handshake and good intentions?"**

Employee Safety Programs: Creating a Good Standard

Safety Program Must Include and is Required by Insurance Companies

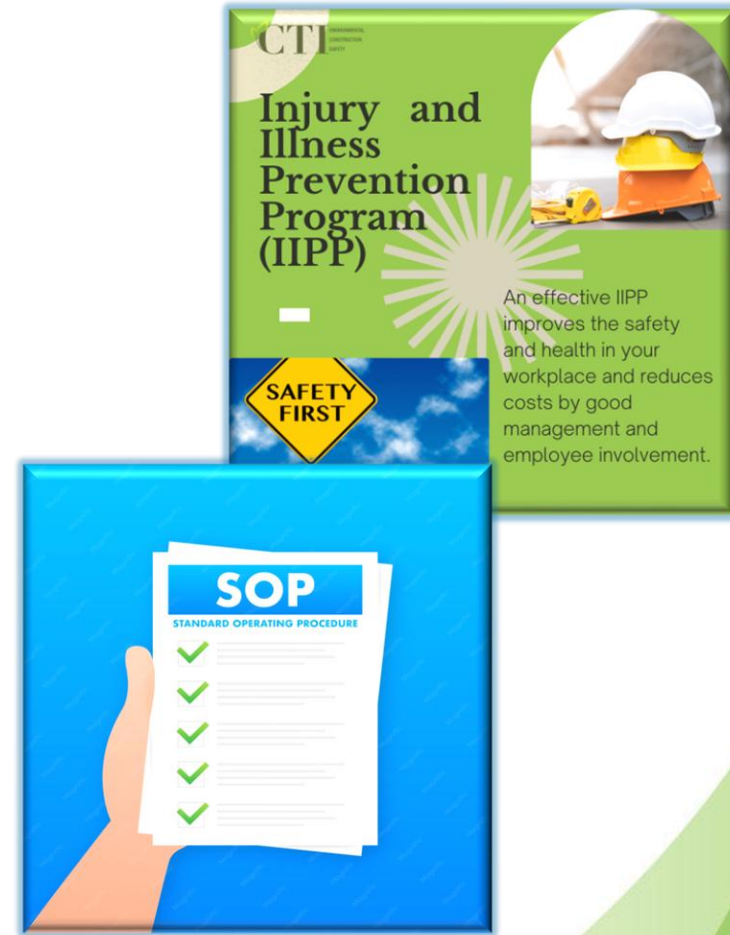
- Written employee handbook and safety policies
- Hazard communication (HAZCOM)
- Respiratory protection
- Medical surveillance, Fall protection & Return-to-work program
- Employee drug testing
- Pre-employment and post-accident physicals

Why It Matters

- Promotes a safer workplace.
- Reduces the frequency and severity of claims thus paying more premium.
- Builds confidence with insurance carriers and underwriters that you're controlling your Risk Management.

Key Takeaway

- **A documented safety program protects your employees and saves you money.**



Fleet & Driver Safety: Reducing Risk on the Road

Build a Safer Fleet

- Establish a written Fleet Safety Manual.
- Implement a Cell Phone Use Policy for employees driving company vehicles.
- Schedule routine vehicle inspections and preventative maintenance.
- Utilize technology such as dash cameras, GPS, and telematics.
- Obtain Motor Vehicle Reports and background checks.

Engage Your Drivers

- Conduct hands-on driver training and safety exercises.
- Reinforce safe driving habits through ongoing coaching and accountability.

Key Takeaway

- **Safe drivers, well-maintained vehicles, and consistent policies are the foundation of a successful fleet safety program.**



Worker's Compensation: Earn better premium pricing

Accurate Payroll Reporting

- Project payroll as accurately as possible. Proper payroll estimates can improve pricing and budgeting and avoid large audit adjustments at the end of the policy term.

Understand Your Experience Modification Rate (EMR)

- Your EMR is a number that can indicate how safe (or not) your business is and can affect how much you pay for Workers' Compensation.

Included/Excluded Officers

- **Included officers** are covered by workers' compensation insurance, meaning they receive benefits for work-related injuries.
- **Excluded officers** opt out of this coverage, potentially saving on premiums but risking high costs if injured



Experience Modification(s) -- last 10 years:	
Rating Year	X-Mod
2026	65
2025	64
2024	64
2023	67
2022	64
2021	68
2020	64
2019	63
2018	75
2017	74

Division of Payroll Record Keeping: Getting the best deal

Without accurate **division of payroll** records, an auditor may assign an employee's entire payroll to the **highest-rated Workers' Compensation class code** they performed during the policy period. This can result in a significant additional premium at audit.

Maintaining detailed time records allows payroll to be allocated to the appropriate class codes based on the work actually performed.

- Ex. John Smith; Name of Job/Project; Date
- 9:00am – 11:00am Water Extraction and Debris Removal (9014 Janitorial)
- 11:00am – 12:00pm Lunch
- 12:00am - 2:00pm Mold Abatement (5473 Asbestos)

Only the hours spent performing the **specialized hazardous work** would be assigned to the higher-rated class code. The remaining hours would remain in the lower-rated class code, provided adequate payroll records are maintained.

Getting the Broadest Coverage: The Secret Sauce

- The cheapest isn't always the best aim for the broadest coverage for the lowest premium instead.
- Mitigate and Manage your claims – track your claims for the last 5 years, claims affect your rate.
- Be sure you implement all Standard Operating Procedures.
- Retention with your carrier.
- A broker experienced in your trade, Fire/Water Environmental Account.
- Accurate projections for General Liability and Worker's Compensation is a better rate up front.
- Know your Experience Rating Modification.
- Give your broker plenty of time to negotiate terms for your renewal or market if needed.
- Turn in your renewal paperwork promptly.