

Contractor’s Professional, Protective, and Pollution Insurance Program Benefits

The American Contractors Insurance Group (ACIG) Contractor’s Professional, Protective, and Pollution Insurance (CPPI) program allows enrolled members to bid projects with efficiency, allocate job costs, provide balance-sheet protection, and have blanket protection for ALL projects.

Before joining the ACIG CPPI program, the average ACIG contractor maintained a professional or pollution policy limit of just over \$5 million, a low limit when compared to typical umbrella policy limits. With general and umbrella liability policies fully excluding professional and pollution losses, low professional and/or pollution policy limits represent a significant gap in the risk management program for contractors.

Coverage gaps are all too common in many professional and pollution policies. Examples include *no coverage* for mold, liability arising from cost overrun or delay, transportation of hazardous materials, joint ventures, and many more



risks affecting contractors.

In recent years, there have been four professional liability losses, including *non-ACIG contractors*, that exceeded \$50 million; and large pollution losses over \$10 million are not uncommon. Examples include a \$10 million-plus mold claim against a building contractor and a \$20 million-plus claim for a pollution loss on a highway project.

To address the concerns related to professional and pollution risks, ACIG developed the group CPPI program. Since its inception in 2007, the program has grown steadily—the policy limits are higher, the coverage has expanded, and more ACIG members are participating.

Key highlights of the program include the following:

Coverage	Policy Limit	
	Each Claim	Aggregate
A. Contractor’s Professional Liability	\$50 million	\$150 million
B. Contractor’s Protective Indemnity	\$50 million	\$150 million
C. Contractor’s Pollution Liability	\$50 million	\$150 million
D. Sublimit for Mold/Fungus Legal Liability	\$25 million	\$65 million overall / \$25 million per contractor
E. Sublimit for Pollution Legal Liability	\$10 million	\$40 million overall / \$10 million per contractor
F. Sublimit for Liability Arising from Nonowned Disposal Sites	\$10 million	\$40 million overall / \$10 million per contractor
G. Sublimit for Mitigation of Loss	\$10 million	\$40 million overall / \$10 million per contractor
H. Sublimit for Rectification Indemnity	\$10 million	\$40 million overall / \$10 million per contractor
Overall Program Annual Aggregate Limit for All Coverages Combined	N/A	\$150 million

Participating insurers are Zurich (primary) and Lexington (excess). A.M. Best Company, Inc., rates Zurich as A+, XV, and Lexington as A, XV.



PROGRAM HIGHLIGHTS

Professional/Protective Coverage

- Claims-made coverage for protective professional indemnity and liability
- Broad definition of covered professional services including, but not limited to, standard professional services plus technical consulting, property management, real-estate broker/agent, or leasing agent services
- Coverage for the exposures related to building information modeling (BIM) included in the professional liability portion of the program
- Coverage for costs related to rectifying a design defect
- Warranty/guarantee exclusion not applicable to the extent the insured is liable in the absence of a warranty or guarantee
- No exclusions for delay and/or cost overrun

Contractor's Pollution Coverage

- Occurrence-based coverage for contractor's pollution (claims-made coverage for mold/fungus, nonowned disposal sites, and pollution legal liability)
- No exclusions for mold, silica, lead, or asbestos
- Coverage modified to include losses arising from transportation
- Coverage available for pollution legal liability (PLL) arising from scheduled owned sites
- Coverage available for liability arising from nonowned disposal sites (NODS)
- Definition of covered hazardous materials amended to include loss arising from the disturbance of naturally occurring substances during the course of construction
- Coverage for costs related to mitigating a pollution or microbial event
- Product liability exclusion will not apply to goods or products installed or applied as part of the work
- Emergency-response coverage for pollution losses

All Coverages

- Broad-form named insured wording including automatic coverage for joint ventures
- Insured-versus-insured exclusion not applicable to separate insureds
- Coverage applicable to liability arising from hiring covered subconsultants
- Free pre-claims assistance
- Blanket waiver of subrogation where required by contract in advance and prior to loss
- Selection of preferred defense counsel by insureds allowed by the insurer
- Special policy wordings to coordinate coverage and avoid disputes between this program and the ACIG general and umbrella policies
- No exclusions for losses due to terrorism
- No exclusion for punitive damages; coverage provided where allowed by law
- Unintentional errors and omissions endorsement
- Participating firms able to issue standard ACORD form certificates of insurance with no reference to group program shared limits for limits up to \$10 million each claim and annual aggregate

