

## Broker News on Programs, Services and the Marketplace



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## Contractor's Program Revises Policy Forms

The Contractor's Program has just finished updating all three of its policy forms: the stand-alone Professional Liability Policy, the stand-alone Pollution Incident Policy and the Combined Professional and Pollution Liability Policy. With this revision, the forms have undergone several important changes.

We have prepared a chart for your quick reference that explains the benefits of the changes so you can explain them to your client. In addition, these changes and others are explained in detail below.

### Creating a Family of Policies

When the stand-alone Pollution Incident Policy was introduced in 2002, it contained several enhancements that were not available on the other two forms. In updating all three forms, we wanted to synchronize the coverages to create a true family of Contractor's policies.

For example, the Pollution Incident Policy contained coverage for a pollution incident resulting from the loading or unloading of an auto that is owned or operated by the insured. That coverage has been added to the Combined Policy (See the Combined Policy, IV. Exclusions, § J).

Along those same lines, we have added two other coverages to the Combined Form: coverage for asbestos abatement claims made after 1/1/90 and an expanded definition of property that

### How Does the New Contractor's Policy Benefit Your Clients?

Change	Location	Reason	Benefit
Added pollution incident coverage for loading/unloading of an owned auto	Combined Policy: IV. Exclusions § J	Synchronize policy forms	Provides broader auto coverage on combined form
Added coverage for asbestos abatement claims made after 1/1/90	Combined Policy: IV. Exclusions § N	Synchronize policy forms	If a contractor runs into asbestos while doing work or has the responsibility to subcontract abatement, coverage is provided.
Expanded definition of property to include soil, surface water, ground water and plant/animal life	Combined Policy: III. Definitions § Property Damage	Synchronize policy forms	Provides broader coverage for destruction or loss of use on combined form
Added coverage for newly-acquired subsidiaries	Stand-Alone Pollution: III. Definitions § Newly Acquired Subsidiary	Synchronize policy forms	Provides protection for newly-formed entities
Reverted back to 1998 policy language concerning contractual obligations	All: IV. Exclusions § B	Clarifying common confusion	Coverage boundaries are easier to understand
Modified language to be more consistent with ISO CGL 10/01	Several in all policies, including: III. Definitions § Bodily Injury IV. Exclusions § R	Tracking coverage with the ISO CGL form.	Contractors who buy coverage on the ISO form can be sure that the policy is consistent with ours.

includes coverage for damage to soil, surface water, groundwater and plant/animal life (See the Combined Policy, IV. Exclusions, § N and III. Definitions, § Property Damage).

We also added coverage to the Pollution Incident Policy. The 90-day automatic coverage for newly-acquired subsidiaries was added to the stand-alone

pollution form, broadening the coverage available on that form as well (See the Stand-Alone Pollution Policy, III. Definitions, § Newly Acquired Subsidiary).

The result? Three broad policies in sync with each other, allowing your clients to get the coverage they want with minimal confusion.

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## Policy Form Revision *(continued from page 1)*

### Getting in Step with the A/E Form & the Latest ISO CGL Form

In addition to synchronizing the Contractor's policy forms with each other, many of the revisions were made to build greater consistency with our A/E forms as a whole. Although these changes were more minor than some of our more significant revisions, we hope that greater consistency among all our construction policies will reduce coverage confusion for you and your clients.

A number of changes were also made in response to the Insurance Services Office's most recent revision of the Commercial General Liability form. The most significant of these changes surrounds the exclusion of electronic data as part of the definition of property. In terms of our forms, our pollution incident coverage does not extend to damage done to electronic data (See III. Definitions, § Electronic Data).

In addition, we have amended the definition of bodily injury to be more consistent with the ISO CGL form and our other A/E policies (See III. Definitions, § Bodily Injury).

### Clarifying Common Confusion

One of the more common complaints we got from you was that Exclusion B of the policy forms, which covers contractual language, was confusing. To respond to your comments and make our coverage easier to understand for you and your clients, we reverted back to the 1998 language.

In addition, we clarified in Exclusion A that our policy does not cover punitive damages for pollution incidents.

### Adding Endorsements into the Policy

You'll also notice that several of our endorsements, including the Mold Exclusion endorsement and the OFAC endorsement regarding economic and trade sanctions, are now included in the policy (See IV. Exclusions, § S and VI. Conditions, § P, respectively).

### Tightening Coverage in Other Areas

The new policy forms do tighten coverage in several areas. All of the policy forms include a new silica/respirable dust exclusion that has been mandated by CNA for all Contractor's policies.

In addition to silica dust, the new policies mandate that, for construction management and management of any sub-consultants, a written contract must be in place defining the scope of the services before a wrongful act occurs. The contract can not be amended after the fact (See III. Definitions, § Professional Services).

### Have More Questions?

As always, you can get copies of the new policy forms on our website. Go to: [http://www.Schinnerer.com/product\\_info/contractors/iacontr.html](http://www.Schinnerer.com/product_info/contractors/iacontr.html).

If you have more questions, you can also contact your Contractor underwriter or Emerson Browne, the program manager, at (301) 961-9807 or [Emerson.W.Browne@Schinnerer.com](mailto:Emerson.W.Browne@Schinnerer.com).

### Don't Forget!

Schinnerer insures mechanical and electrical contractors through the Contractor's Program. Call your underwriter for more details.



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