



2ND QUARTER | 2023

ENVIRONMENTAL INSURANCE MARKET UPDATE

M&A PROPERTY TRANSACTIONS | REMEDIATION PROJECTS | OPERATING COMPANIES
REAL ESTATE PORTFOLIOS | RENEWABLE ENERGY | OIL & GAS

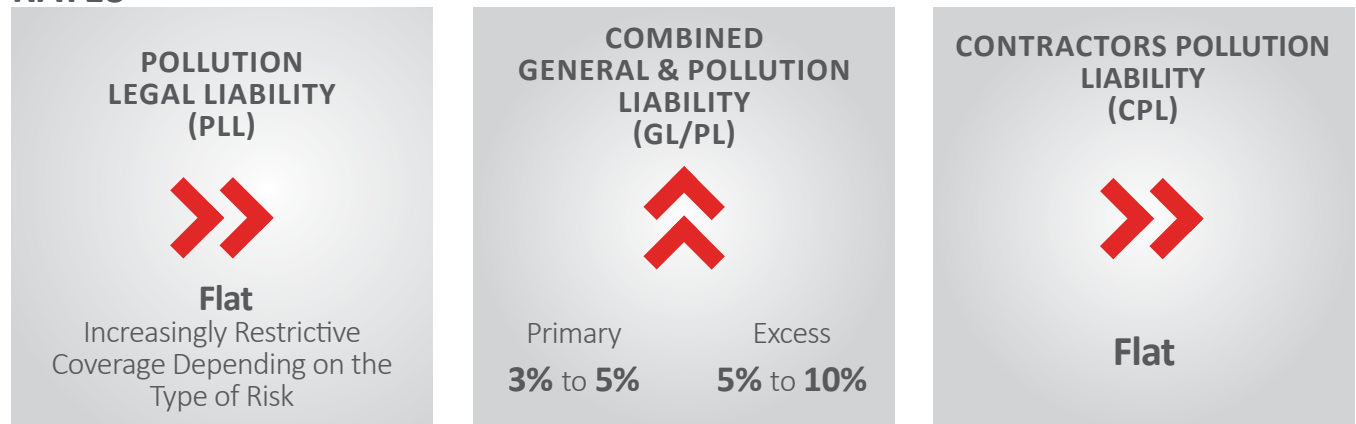
SOLUTIONS FOR TRANSACTIONAL & LEGACY RISKS

- **Bridge the Gap Between Buyers & Sellers** – Over the Magnitude of Environmental Impacts
- **Free Up Capital** – Replace the Need for an Escrow Account
- **Elimination or Reduction of Corporate or Personal Indemnifications**
- **Fulfillment of Lender or Other Contractual Requirements**
- **Asset Enhancement** – Use to Transfer Policy to a New Buyer
- **Cap Known or Suspected Environmental Conditions and Regulatory Reopeners**
- **Inexpensive Contingent Capital**
- **Transfer Environmental Obstacles in a Transaction to an Environmental Carrier**
- **Premium Costs are Viewed as Low-Cost of Capital** – Generally Less than 0.5% of 1% of M&A transaction

MARKET UPDATE

Even as the property and casualty insurance market is hardening with significant increases in premiums, the environmental insurance market has remained stable during the first two quarters of 2023. Still, our clients are strategically locking into multi-year terms (3-5 years for operational risk; 10 years for legacy/pre-existing contamination coverage) to guard against the potential premium increases for Pollution Legal Liability (PLL) insurance. Annual policies remain the norm for Contractors' Pollution Liability (CPL) practice policies and the combined General Liability and PLL (GL/PLL)

RATES



Environmental insurance plays a crucial role across a broad range of industries From insuring operational risks, including manufacturing, warehousing, hospitals, schools, and real estate, to offering increased assurances for complex property transactions, mergers and acquisitions, and remediation cleanups, environmental insurance provides financial certainty for stakeholders against both known and unknown contamination.

CAPACITY

With over 40 environmental insurers, the pollution market remains robust, with US capacity exceeding \$300M. The London market can provide additional capacity, increasing total market limits to \$500M, depending on the operations and risks.

EXTENDED POLICY TERM | 15 YEAR POLLUTION LEGAL LIABILITY

Historically, the maximum policy term for PLL insurance was 10 years. CAC has developed an exclusive product offering in partnership with a specialty market to extend the term to 15 years. The policy is follow-form, adds 5 years to any standard 10-year PLL, and does not require additional underwriting information.

[Click Here to Get More Information on the 15 Year Pollution Legal Liability Option from CAC Specialty](#)



EMERGING CONTAMINANTS

Regulators are increasingly concerned about a group of perfluorinated compounds known as PFAS, which are considered emerging contaminants. Often referred to as “forever chemicals,” PFAS continue to be challenging for both Insureds and insurers. PFAS are receiving increased scrutiny by regulatory agencies in many states and on the federal level. Many insurance companies have implemented blanket exclusions for these contaminants. However, CAC has negotiated affirmative coverage on numerous sites for clean-up costs, toxic tort claims resulting from historical operations, and product pollution.

[Click Here to Read CAC Specialty’s, “PFAs Liability: Forever Chemicals Face Global Tribunal”](#)



OIL AND GAS PRODUCTION

Pollution Legal Liability coverage is rarely required except within some specific jurisdictions. However, the purchase of this discretionary coverage has grown tremendously, given the current regulatory climate and increased media and litigation surrounding spills. Our goal is to dove-tail coverage to sit as both Differences in Conditions as Differences in Conditions/Limits to any Sudden and Accidental coverage afforded in the GL, Excess, and Control of Well policies. To prevent gaps in coverage, operators and non-operators have increasingly explored this insurance solution as it relates to production and midstream assets. Interest in the coverage has also been increasing due to rising losses, particularly in the produced water area and the associated monetary awards.



CARBON CAPTURE AND SEQUESTRATION

As government, industry, and consumers demand a global effort to reduce greenhouse gas emissions, carbon sequestration will play a critical role in a successful low-carbon future. Carbon sequestration is the deep injection and permanent storage (sequestration) of carbon dioxide (CO₂), primarily from industrial processes (pre- or post-combustion), into geologic formations. These include saline formations, depleted oil and gas, and deep coal seams. In addition to our environmental program, CAC has the expertise to navigate the Title VI permitting process and safeguard Q45 tax credits. To meet the financial assurance requirements imposed by the US EPA, a combined PLL and surety bond can be used to fulfill the obligations.



AN OLD BUT NEW PRODUCT

Cost-Cap insurance, or what we are now calling Remediation Stop Loss (RSL) coverage, is making a resurgence and continues to evolve as several carriers enter the market. We anticipate positive changes in the breadth of coverage by the end of 2023 through 2025.

The RSL policy protects owners or contractors against cost overruns for known, regulatory-approved remediation projects. This policy is vital to providing cost certainty around legacy environmental conditions.



TRENDING RISKS

As the world transitions from fossil fuels, the renewable energy sector, particularly solar PV and wind installations, is experiencing significant growth. Notably, many of these projects are being developed on landfills and brownfields, underscoring the importance of PLL insurance in safeguarding companies and investors against environmental liabilities. In response to this demand, CAC is actively developing a specialized PLL product tailored for landfills, offering our clients broader coverage compared to existing options available in the marketplace.





WHAT WE DO



ANALYZE

Engage, assess, and analyze our client’s business plans, overall risk management objectives, and environmental exposures in conjunction with evaluating your existing insurance programs to avoid potential gaps in coverage.

CLAIMS | Post-Placement Support

Quarterback claims handling services for our clients, utilizing our senior team members’ backgrounds as litigators and claims experts. Additionally, we leverage our strong carrier relationships to deliver exceptional claims management.

DEVELOP

Develop sophisticated and comprehensive environmental insurance programs and other risk-transfer mechanisms.

ABOUT OUR ENVIRONMENTAL TEAM

CAC has established strong partnerships with senior underwriting partners, ensuring our clients receive the most favorable terms and conditions in the pollution market. This, combined with extensive and long-standing carrier relationships, puts us at the forefront of product innovation and awareness of new and emerging environmental issues and regulations. Our approach is relatively simple: think beyond the ordinary boundaries to bring unique solutions to our clients.

ABOUT CAC SPECIALTY

We are a risk solutions company that brings you seasoned and proactive industry leaders, operating as a nimble and collaborative partner who puts you and your business first. With a knowledge-driven approach informed by data and decades of honed instinct, CAC Specialty brings an innovative vision to insurance broking to solve your risk challenges.

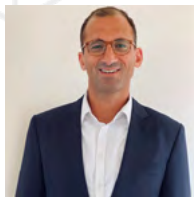
We are nimble and can flex to meet client demand. Allowing us to provide large, national broker services, with a boutique broker feel. Since we are 100% employee owned, every employee that our clients speak with has a vested interest in creating a positive client experience, 100% of the time.



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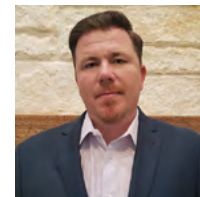
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