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## WISCONSIN BROWNFIELD INSURANCE PROGRAM Update

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*Prepared for*



**The State of Wisconsin**  
*Department of Administration and Department of Natural Resources*  
**and the**  
**Brownfields Study Group**

*Prepared by*

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### BACKGROUND AND OVERVIEW

Under its contract with the State of Wisconsin (State), Arthur J. Gallagher Risk Management Services, Inc. (Gallagher) has been working with and on behalf of the State and the Brownfield Study Group (BSG) to develop an environmental insurance program for brownfield developments throughout Wisconsin since February 2003. The title for this insurance program is the Wisconsin Brownfield Insurance Program (WBIP). Kenn Anderson is the lead Gallagher contact person for the State.

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### ACTIVITIES TO DATE

1. Discussions began with WDNR and BSG in January 2003 to create a new insurance program for any brownfield redevelopment in Wisconsin. The needs for the program, as expressed by the BSG, included an insurance program that addressed certain risks and created a program that was:
  - Streamlined and Cost Effective Coverage
  - Provided protection for the “interim” period; after site investigation is complete but before cleanup activities begin
  - Provides additional assurance for new buyer and lender(s)
  - Could cover “reopeners” for non-VPLE sites
  - Look into cost cap coverage





## WBIP Update (continued)

December 1, 2005

2. After a few more meetings with the WDNR and BSG, insurance specifications went to 6 leading environmental insurers in September 2003
3. Four insurers responded and conducted underwriting meetings at WDNR Southeast offices in December 2003.
4. Proposals received and presented to WDNR in April and May 2004.
5. Clarifying questions posed to responding insurers in June 2004 and responses received in August 2004.
6. Insurers proposals and responses review by Gallagher and WDNR; a scoring mechanism applied beginning in September 2004 with “final” scoring in April 2005.
7. Decision to move ahead with AIG in April 2005.
8. BSG input into proposed endorsement and coverage requested in October 2004 and comments received in November 2005.
9. Agreement being negotiated between AIG and the State of Wisconsin. General terms to address the following:
  - Reporting of activity – number of accounts quoted, insured, aggregate premiums, etc.
  - Aggregate claim reporting – number of claims submitted, accepted denied
  - Marketing of the WBIP – responsibilities, activities.
10. WBIP Master Endorsement being negotiated.

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### WBIP COVERAGE SUMMARY

#### *Coverage Summary<sup>1</sup>*

Utilizing parts of AIG’s Pollution Legal Liability (PLL) policy, the WBIP standard coverage offering will provide the following:

1. Coverage for cleanup of previously unknown contamination at, or emanating from, the insured location.
2. Coverage for third-party claims (bodily injury, property damage and/or cleanup costs) caused by unknown contamination at, or emanating from, the insured location.
3. Coverage for business interruption, with a \$1,000,000 sublimit, for extra expenses and/or lost income caused by unknown contamination at the insured location

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<sup>1</sup> This coverage summary is for discussion purposes only. Specific references to the policy terms, conditions, exclusions, and endorsements must be made. Policy specimens were previously provided and can be provided again upon request.





## **WBIP Update (continued)**

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4. Coverage for pollution claims at, or emanating from, scheduled (up to 3) non-owned disposal sites.
5. Coverage for transportation of cargo, including waste, to or from the insured location.

Policy terms up to 10 years are available with limits up to \$10,000,000 and each incident deductibles beginning at \$10,000. Additional limits are available upon request and additional underwriting may apply.

Additional coverage can be negotiated upon individual request. This may include the following (additional information may apply):

1. Coverage related to new pollution conditions.
2. Coverage, pending underwriting review, for third-party claims (bodily injury and/or property damage) caused by known contamination at, or emanating from, the insured location.
3. Other(s) as identified and requested.

### ***Underwriting Requirements***

AIG will require the following information to underwrite the sites for the WBIP:

1. A completed and fully executed Pollution Legal Liability application,
2. Final versions of a Phase 1 Environmental Site Assessment (“ESA”), Phase 2 ESA, Site Investigation Report prepared in accordance with ch. NR 716, Wis. Adm. Code, that were submitted to Wisconsin as part of the Participant’s participation in the VPLE Program or Case Closure process,
3. Wisconsin’s written approval of the reports and materials noted in the preceding Item (2), and
4. An audited copy of the Insured’s financials for the last two (2) years or equivalent financial information as approved by AISLIC’s underwriter.

**Please contact either Michael Prager at the WDNR ([pragem@dnr.state.wi.us](mailto:pragem@dnr.state.wi.us)) or Kenn Anderson at Gallagher ([Kenn.Anderson@AJG.com](mailto:Kenn.Anderson@AJG.com)) for further information.**

