



SPELL Program Overview

Focus on PIER (Pollution Incident and Environmental Response)[®] Program

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Aug 2013

Educational Institutions

Presentation Overview:

- Current SPELL Program
- Environmental Risks within the Educational Institutions Industry
- Programs and coverage options to assist Insureds in the event of an incident
- Contact information



Program Overview w/Emphasis on PIER

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In the News... HVAC System Causes Respiratory Illnesses In School

HVAC System Causes Respiratory Illnesses In School

Fifteen students and teachers suffered injuries when a faulty HVAC system circulated carbon monoxide and fireproofing chemicals in their school over an extended time period. Significant settlement damages were paid by the school district and the HVAC system designer and installer.



Program Overview w/Emphasis on PIER

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An Insurance Solution:
**Commercial Pollution Legal Liability
with PLL Campus Protect®**

Education is a continually growing industry faced with an increasing amount of environmental risk exposure from indoor air quality, laboratory facilities, as well as any new construction or renovation activities. If left uninsured, the resulting environmental conditions may cause financial hardship for the institution, possibly affecting their endowment or impacting their operating budget.

PLL Campus Protect®, a coverage enhancement offered through AIG, provides a comprehensive insurance solution tailored to the unique environmental pollution risks faced by the education industry.



**SPELL Program: Policy Period,
Limits & Deductible**

Commercial Pollution Legal Liability w/ Campus Protect®

- Policy Period: From July 1, 2013 to July 1, 2014
- Policy Limits: \$3,000,000 Each Incident / \$12,000,000 Aggregate*
 - Aggregate has been sub-limited to \$3M/\$6M for each Named Insured so no single Named Insured can exhaust the total policy
- Separate Defense Expense: \$3,000,000 outside the Policy Aggregate
- Deductible: \$25,000 Each
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SPELL Program: Policy Coverage

Commercial Pollution Legal Liability w/ Campus Protect®

- On-Site Clean-Up of Pollution Conditions (*Coverage A*)
 - Includes 1st-party discovery and claims for Mold, Legionella, Asbestos, LBP On-site
- Legal Liability of Pollution Conditions (*Coverage B*)
 - Includes 3rd-party claims for Clean-Up, Bodily Injury and Property Damage On-site, Off-site, Non-Owned Disposal Sites, Transportation
- Emergency Response Costs (*Coverage C*)
- Business Interruption Costs (*Coverage D*)
- CrisisResponse® & Crisis Management (*Coverage E*)



SPELL Program: Policy Enhancements

Commercial Pollution Legal Liability w/ Campus Protect®

Enhancements provide:

- ✓ Coverage for Illicit Abandonment (“midnight dumping”)
- ✓ Restoration Costs include upgrade to “Green” building materials
- ✓ PIER Network Provider Deductible Reduction Endorsement



Educational Institutions

Universities, Colleges, Secondary and Elementary Schools, Preschools/ Day Care

Environmental Risks can include:

- Indoor Air Quality
 - Microbial Matter
- Laboratories
- Hazardous/ Medical Waste



Indoor Air Quality Issues

Mold



Mold - Causes and Controls

- Mold - 100,000 species
- Presence of Mold Spores, Nutrient Source & Water
- Causes
 - Construction defects
 - Poor O&M of HVAC systems
 - Mechanical water problems - sprinklers, pipes
 - Poor building maintenance
 - Tight buildings
 - Storm damage
- Controls - Mold Plan - Prevention, Response, Training
- Standards - Only Guidelines



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Program Overview w/Emphasis on PIER

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PIER (Pollution Incident and Environmental Response)[®] Program

Emergency Response and Cost Control for Environmental Incidents



PIER HOTLINE (877) PIER-NOW
877-743-7669

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Program Overview w/Emphasis on PIER

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PIER

PIER is an emergency response program. Policyholders have 24 hr/7days a week access to pre-screened crisis management specialists who respond in a timely manner to environmental incidents, including indoor air quality issues such as microbial matter or *Legionella pneumophila*

Nation-wide Network: ER contractors located within 2 hr drive time radius of most US locations and along all major transportation corridors. Limited coverage also available in Hawaii, Alaska, Puerto Rico, Canada

- Upon request PIER will dispatch a service provider on behalf of an insured.
- The insured is the contractor's client, & it is the insured's responsibility to enter into a contract with service provider**



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Program

PIER: a Value-Added Program

PIER (Pollution Incident and Environmental Response)[®]

- Provides policyholders with 24-hour / 7-days a week access to pre-screened crisis management specialists who respond in a timely manner (Usual response is 2 hrs or better, 24/7.) to environmental incidents, including indoor air quality issues such as mold and *Legionella pneumophila*, at pre-negotiated rates regardless of whether the incident is covered under the policy. (1-877-PIER-NOW)
- At the time of an emergency our clients can contact PIER and an on-call consultant will provide the insured with information about the contractors available in that jurisdiction. The PIER consultant can dispatch a service provider on behalf of that insured, if the insured so chooses. The insured is the Contractor's Client and it is the insured's responsibility to enter into a contract with the Service Provider.
- **Initiating a PIER response does NOT satisfy the claim reporting requirements** – Insured will need to do that independently.



SCC: Specialty Claims Consultants

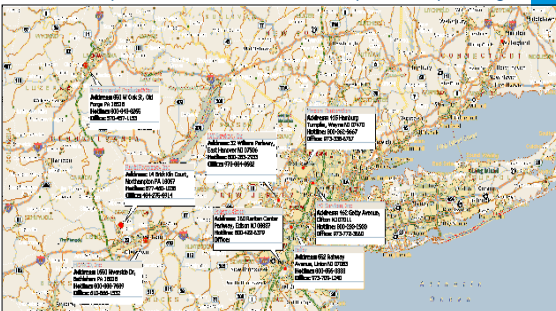
Services:

- Coordination with Contractors & Consultants
- Proposal Review and Cost Analysis
- Evaluation of Remedial Alternatives
- Invoice Reviews and Audits
- On-site coordination for Significant Incidents
- Proactive Planning in advance of an incident



PIER Mapping

Customized maps to assist insureds with their pre-event planning.



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Customized maps to assist insureds with their pre-event planning.



Initiating a PIER Response

▪ Call the toll-free PIER Hotline and provide initial information about the incident to the operator.

✓ **1-877-PIER-NOW (877.743.7669)**

▪ A PIER on-call consultant will return your call within 15 minutes to assist you with the design and implementation of an appropriate response.

▪ For non-emergencies (questions) during normal business hours, contact:

✓ **Brian Johnson (602) 512-2321.**



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Important Considerations

▪ Initiating a PIER response **does not** satisfy claim reporting requirements.

▪ Initiating a PIER response **does not** satisfy regulatory reporting requirements.

▪ Initiating a PIER response **does not** imply that the incident is covered by the policy.



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What Are the Costs?

PIER – a Value-Added Program for AIG Insureds

- No registration fees
- No up front retainers
- No activation charges
- No fees for SCC services
- Initiate the PIER response by calling **1-877-PIER-NOW (877-743-7669)**



Lead

Lead Highlights

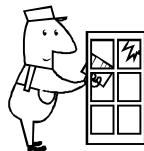
- **Bio-accumulative, toxic**
- **CDC** - Blood Reference Level – 5 µg/dl , was 10 µg/dl
- **Sources** - Paint (prior 1978), Dust, Batteries, Plumbing and Pipe Solder
- **EPA - April 2010 - Lead-Based Paint Renovation, Repair and Painting Program Rule** - Residential, Child Care Facilities and Pre-schools prior to 1978
- **EPA proposing similar Lead Rule** - Public and Commercial Buildings



EPA Lead Renovation, Repair and Painting Rule (RPR) April 2008

Those that may be affected:

- Residential rental property owners/managers
- General contractors
- Painters
- Plumbers
- Carpenters (remodeling)
- Electricians
- Window replacement companies



EPA is currently researching if Repair and Painting Program Rule for public and commercial buildings should be proposed. An update by EPA is anticipated by July 1,



Contingency Plan

- What Keeps you up at night?
- How would you handle an emergency?
 - What have you planned for?
 - What is critical?
 - Who would you call?
 - Where are the numbers?
- Are you prepared?



Questions?



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