



ZIP E-news

Environmental news from
Zurich Integrated Products

Zurich Integrated Products (ZIP) is a division of Zurich in North America.

Environmental products available through ZIP include Contractor's Pollution Liability and site-specific Environmental Impairment Liability, on a monoline basis or combined with General Liability.

ZIP Environmental is open to producers nationwide.

E-mail submissions to usz_zip@zurichna.com or call **866-683-5996**

A Message from Victor Maroukian



Despite the continued economic slump, year-end promises to be a busy time again for the industry. In anticipation of increased submission flow, we made some very important changes to ZIP's Environmental product mix. We also broadened our appetite to meet the needs of an insurance marketplace that has transformed as a result of the current economic conditions. ZIP now offers two policy forms in addition to our two existing CPL and Z Choice™ monoline products. Product additions include the Environmental Services Package (ESP), which combines commercial general liability (CGL) with Contractor's Pollution Liability and Professional Liability for acts, errors or omissions of the insured, and Z Link™, integrating CGL, site-specific pollution and other liability coverage such as products pollution.

We appreciate the opportunity to serve your needs, and we welcome your suggestions on how we can continue to improve our services and product offerings.

-Victor Maroukian
Regional Underwriting Manager

Illinois EPA blamed for pollution-enforcement inaction

Former Gov. Ron Blagojevich's administration is now being blamed for failing to act on reports of environmental compliance violations at dozens of locations throughout Illinois. One of the better known cases is that of Anchor Metal Finishing, where toxic waste was improperly stored and subsequently leaked from corroded

drums and ended up spilling over open vats in the plant's neglected warehousing facility. More than one year passed while regulators did nothing to prosecute the offender. The Illinois EPA had plenty of evidence for legal action against the violators, but the cases were never referred to Atty. Gen. Lisa Madigan due to a rift that existed between her and the governor. The impasse led to no environmental cases being referred to the attorney general in over two years, while the prior administration referred an average of 300 cases each year since the mid-1980s. Gov. Pat Quinn is hoping to change things quickly. In the meantime, Federal regulators stepped in as in the investigation of Crestwood's contaminating a community well with carcinogenic chemicals. EPA Director Doug Scott, originally hired by Blagojevich, maintains many cases were handled informally with the polluters, as required by law, without involving the attorney general's office until legal action was necessary. (Source: "Illinois Pollution Enforcement Hampered by Politics," by Michael Hawthorne, *Chicago Tribune*, August 23, 2009)

Town hall and school shut down due to mold

Pittsfield and Shoreham, Vermont are two of the latest communities to report building shutdowns because of serious mold problems. Health issues and severe allergic reactions were reported and attributed to the condition. The Pittsfield town office is 126 years old and has frequently been affected by leaks and water accumulation, resulting in mold stains on carpeting and records dating back to the 18th century. Employees will be allowed to continue working in parts of the building that have not been affected and a temporarily designated office space in the Town Hall. At the same time, similar issues have plagued the Shoreham

Elementary School, as revealed during a major July cleaning. Mold stains were found on carpeting and the air quality was deemed unsatisfactory. Staff and students have not yet been allowed into the building for the new school year, due to on-going studies and mold abatement undertaken by the Addison Central Supervisory Union. The cost will be offset by emergency state aid from last-year's budget surplus. (Source: "Mold Closes Buildings in Area Towns," by Cristina Kumka, Rutland Herald, September 3, 2009)

Books: "Poisoned by Pollution"

In this book, the author recounts her own experience as a Seattle office worker whose exposure to harmful chemicals in a new, state-of-the-art building led to chronic physical and psychological trauma known as multiple chemical sensitivity. She is one of only two employees that challenged management, despite the fact that more than 60 of her co-workers developed new symptoms, almost daily. The story spans 16 years, in the course of which Ms. Lipscomb who was hardly able to leave her home and had to avoid contact with many common substances, was subjected to a myriad of mainstream, experimental and alternative medical procedures, and was involved in what seems like endless litigation. Eventually she learned to live with her condition and in the process gained insight into the reasons why it is so hard to diagnose sick building syndrome, the extent to which everyday contact with chemicals affects public health, and the resulting chronic illness that affects long-term relationships. Anne Lipscomb's experiences show how one can minimize one's exposure to chemicals and achieve a better quality of life despite suffering from an incurable condition. (Source: "Poisoned by Pollution: An Unexpected Spiritual Journey," by Anne Lipscomb, AuthorHouse, April 15, 2009)

Unsafe drinking water – agriculture vs. regulation

The 41,000-dairy cow industry in Brown County, Wisconsin generates in excess of 260 million gallons of manure every year. Much of the manure is applied on farm fields as fertilizer that can be beneficial -- when used in moderation. The town of Morrison, however, claims the excessive application of animal waste led to the contamination of 100 water wells with bacteria and chemicals from the agricultural runoff. This, in turn, led to area residents suffering from severe gastrointestinal conditions and ear infections. Residents of a town approximately 15 miles from the city of Green Bay complained their drinking water has a noxious smell, which was later established to be caused by E. coli, coliform bacteria and other pollutants commonly found in animal waste.

The main reason for the persistent problem is the lack of agricultural waste regulation at the federal level. While the Clean Water Act regulates a variety of chemicals and contaminants, it does not address pollutants from spraying manure as field fertilizer. State and local regulations have also failed to provide adequate protection. Agricultural waste is blamed for the bulk of the pollution affecting waters in the United States; approximately 19.5 million people get seriously sick from parasites, bacteria, and viruses in the water supply, including as a result of contamination due to dairy- and poultry-farm waste. Wisconsin, together with California, Arkansas, Maryland and Oklahoma, are some of the states most seriously affected by the issue. Some propose new uses for excess manure, such as generating electricity, while others believe the only solution is giving the EPA the power to regulate farms, including the ability to shut them down or put a stop to expansion plans in order to protect potable-water sources. (Source: "Health Ills Abound as Farm Runoff Fouls Wells" by Charles Duhigg, The New York Times, September 17, 2009)

Protecting a species by curbing pesticide use

Chlorpyrifos, diazinon and malathion - three common pesticides available under various trade names and known to pose a threat to Pacific salmon in Washington, California, Oregon and Idaho - will be subject to EPA limits going forward. The substances were found to impair the species' sense of smell, affecting their ability to feed, find breeding ground and avoid predators. According to the new regulations, use of these pesticides will be prohibited within a certain distance of salmon waters, calculated using the size of the water body, application rate, et al. The chemicals are generally approved for non-household use to control a variety of damaging pests and a large number of farmers have come forward arguing the rules are too strict. The EPA has also appealed that manufacturers adopt the new regulations voluntarily and new product labels are expected early next year. (Source: "EPA Puts Limits on 3 Pesticides to Protect Salmon," by Phuong Le, Associated Press, September 16, 2009)

Question about ZIP Environmental

Q: Why should I recommend a combined GL/pollution/professional form to my clients if they already have both coverages separately? How do I sell your surplus-lines form if they have admitted GL now?

A: Combining two or more coverages into a single customized and seamless policy form will provide cost savings to insureds and also reduce potential confusion that may result from having separate policies and multiple carriers addressing GL, Pollution and Professional exposures. In many instances, it is easier to sell pollution coverage if it is included with the GL at a smaller incremental cost. There are advantages to having combined coverage on non-admitted paper, which allows more pricing flexibility and the ability to easily manuscript changes to the policy language when required.

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