

Lender environmental collateral protection

Zurich provides environmental liability policies tailored specifically for lenders. Our flexible programs allow a lender to insure a single loan or to put together a portfolio program for the lender's commercial real estate backed loans.



In the event of a loan default and discovery of environmental contamination, the lender environmental policy offers coverage to help protect collateral value and related financial losses that could hurt the lender's bottom line.

Target Customer: Financial Institutions, Banks, Savings and Loan Companies, Credit Unions, Capital Market Lenders, Life Insurance Companies, or any financial institution which originates commercial real estate backed loans.

Portfolio programs may be utilized by lenders when they are looking for an alternative risk management tool to transfer their environmental risk to a financially sound insurance company rather than trying to identify the risk with an environmental report.

The benefits of using a lender environmental insurance portfolio program include:

- Providing the lender with a true risk transfer mechanism for their environmental risk.
- The policy will pay for a covered loss rather than try to identify it at a specific point in time.
- Streamlining the loan process by providing a faster turn-around time on loans. Loans submitted for underwriting are reviewed within 3 business days using Zurich's proprietary web based loan underwriting application system which provides lenders with access 24/7 to process or check the status of their loans.

- Cost of environmental insurance is typically less than the cost of new phase I environmental site assessment.
- Ultimately, it can provide lender with competitive advantage as a result of being able to offer their borrowers lower closing costs and faster turnaround on their loans.

Single loan policies may be utilized when a lender has an environmental concern on the collateral property and borrower does not want to perform phase II or provide financial guaranty/escrow.

The benefits of using lender environmental insurance on an individual loan include:

- Lender has a dedicated environmental liability policy that protects their collateral value.
- It provides a tool to help lenders get comfortable with the environmental risk on the collateral property and enable them to make the loan, and
- It offers lender a lower cost option to present to, or accept from, their borrower to address the environmental concern on the property.

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