

Finding an Insurance Broker

A major problem facing those who want to pursue environmental insurance coverage for projects is finding a competent broker. The field is sufficiently specialized and the issues are so complex that there are only a small number of qualified brokers with the experience appropriate for negotiating insurance for brownfield projects.

However, the biggest problem most purchasers of brownfields insurance encounter is that they are not certain about what coverages they need. It is essential to know what coverage is required, the desired levels of protection, and the period of time for which coverage is desired before the search for a broker is initiated. Once these fundamentals are settled then broker selection should include a number of elements to assure that the needed expertise is available:

- Issue a detailed Request for Qualifications (RFQ) that specifies **in detail** the types of coverage for which brokerage services are needed – cost cap or stop loss for cleanups, liability coverages for redevelopment and future land uses, or whatever else.
- Request the qualifications of **specific named individuals who will provide services**, not the qualifications of the firm as a whole. If the RFQ merely states that environmental insurance experience is required, local branches of firms that have environmental records will apply and local brokers then would have no legal obligation to bring in the non-local brokers who have the needed expertise.
- Request the documentation of the experience of the named individuals in writing policies that were **actually placed**, since brokers may often attempt to get coverages and write policies that insurance companies refuse to underwrite.
- Indicate that a heavy value in ranking proposals will be given to the specific environmental insurance experience in years and number/types of policies negotiated by the named individuals offered in the response.
- Specify that the experience has to have been with **legacy pollution** issues. Many brokers will write environmental liability coverages for the ongoing operations of firms that work with toxic substances. The liability and risk issues for ongoing activities are very different from those associated with brownfields: the substances, quantities and location of the materials are all known for an operation, but can be completely unknown for a brownfield. You need a broker who understands the unknowns associated with prior underground pollution.
- Be clear about the **timeliness** of service expected (otherwise, a broker would be free to divert his or her efforts to another project generating a larger commission).
- Remember that you really have **two needs** when you pursue risk management through insurance. First, you need advice in identifying all the environmental risks you want to cover (and the relative importance of each, since you may not be able to afford insurance for all risks). Second, you need the services of a broker who will deal with an insurance company and negotiate a policy. The two services sometimes can be provided by the same party.

More commonly one would use someone with legal liability expertise for the advice and someone else

with brokerage expertise for the second. When you have two different parties involved, you have a way of checking that you are getting the coverage and protection you need and want. After you have a policy offered by an insurer, you can return to your advisor on liability and risk management for a review of the protections offered, and conditions imposed, to make sure that the policy is worth the cost involved.

Source: [Brownfields Insurance for Public Sector-Led Development Projects: Experience and Methods](#) (Yount and Meyer, 2005)