

New Energy

Solar

Wind

Bio Fuel

Energy Efficiency



FREBERG ENVIRONMENTAL INSURANCE INSURANCE PROGRAM MANAGERS

1451 Larimer Street, Suite #200 • Denver, Colorado 80202
800/377-4152 • 303/534-1171

Fax: 303/623-8101 • info@feinsurance.com
In CA dba: FEI, Insurance Services

www.feinsurance.com



Fast, Friendly & Knowledgeable

■ Closer Look **GREEN Risks**

Businesses Going Green

Green Building Features Left Exposed Under Traditional Commercial Property Policies

By Ann Butterworth

With the U.S. Green Building Council forecasting growth in the green building market to double between now and 2013, agents and brokers can expect to see increasing client demand for green insurance coverage. Because standard commercial property insurance policies typically do not cover many aspects of green properties, companies that want to reduce their carbon footprint face unique insurance requirements.

Whether a company has a green building or would like to take the necessary steps to green their current business, agents and brokers should counsel their clients to purchase green insurance coverage from an insurer that has the flexibility to meet their needs.

To determine the right level of insurance coverage for a property, the first step is to work with clients to place an appropriate value on their buildings. Agents and brokers should align themselves with an insurance company that both performs onsite engineering visits and offers insight on the valuation analysis to assist them with arriving at an accurate assessment for their clients.

This article lists some green building features commonly thought to be covered by a standard commercial property insurance policy that in fact may only be covered by a green property insurance policy or green policy endorsement.

Recycling During Rebuilding

For companies that want to reduce the amount of materials that end up in local landfills, look for a green policy endorsement that will pay the additional cost to recycle debris, up to the limit of liability, in the event of a covered loss. For example,

during one company's green construction project, the contractors used five dumpsters to separate the various types of waste and sent 83 percent of the materials back to recycling plants and manufacturers for reuse. The expense of the extra dumpsters, material sorting, and hauling to separate disposal sites may not be covered by a standard commercial property policy.

The U.S. Green Building Council forecasts growth in the green building market to double between now and 2013.

Building Codes

Securing appropriate building codes coverage as an endorsement to a standard property policy or as part of green insurance coverages will help reimburse companies for the costs incurred to rebuild the damaged portion of the covered property to any newly instituted green

standards. Without this endorsement, a client can be left paying out-of-pocket for new building code compliance that requires construction beyond the scope of the original property.

Business Interruption

Because it may take longer to build or incorporate green, the period of restoration in a standard commercial property policy may not be adequate if a company wants to green their properties — even if they do not plan to go through the Leadership in Energy and Environmental Design (LEED) or Green Globes certification process. A few green policies or endorsements allow the insured a longer restoration period to procure and/or install green materials. Some may also provide coverage to capture a company's full revenue stream from both primary operations and any alternative energy operation. Extra expense can be a very valuable coverage feature in helping to restore

operations if income streams are more complex due to the greening of the business.

Vegetative Roofs

Under a standard property policy, the vegetation on green roofing systems may be limited to a “plants, trees and shrubs” sub-limit that may be inadequate for this exposure. Most green property insurance has been broadened to provide more appropriate coverage for these specialized roofs.

Building Recommissioning and Recertifying Fees

It is vital that clients with certified green buildings have policy endorsements in place to ensure coverage of the recommissioning and recertifying fees that are necessary to bring a building back up to its pre-loss green-certified status. This coverage also often includes mandatory fees for temporary HVAC systems used during reconstruction, or “flushing out” the space to remove undesirable substances from the air prior to bringing a building online. Agents and brokers can also link their clients to an insurer that offers coverage to rebuild to one certification level higher.

Reimbursement for Green Products

For clients interested in greening their business after a loss, regardless of whether or not they proceed with the certification process, a green policy endorsement allows them to replace eligible real and personal property with green-certified products up to the percentage and limit shown in the policy. Standard commercial property insurance won't cover the use of green materials if those products are priced higher than non-green materials, thus forcing the client to pay out-of-pocket for the difference in price.

Foundations and Underground Property

Some insurers consider underground piping and foundations part of the real property, but not all do. When clients also provide or receive alternative energy, those systems may

utilize piping and other property underneath a client's building or grounds. When advising their clients on green coverages agents and brokers should secure a policy that not only provides coverage for foundations and under-



ground property up to 1,000 feet from the covered location, but also allows the insured to capture any business income or interruption exposures from alternative energy sources.

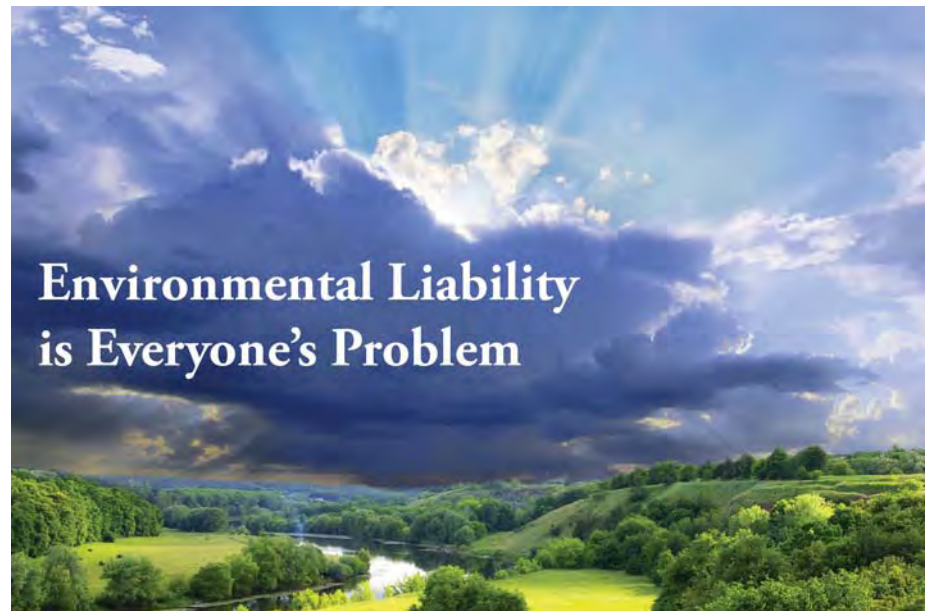
Builder's Risk

To bridge the gap between builder's risks

and completed property, and present clients with a seamless green property insurance policy, agents and brokers should align themselves with insurance companies that are able to start green coverage at the project's development stage and continue it through to active property management.

All of these green policy needs can be satisfied by working with an insurer that understands green building, and has the expertise to help agents and brokers educate clients about the benefits of going green. Working together, agents and brokers and insurers can hopefully reassure clients that as their green initiatives seek to protect the environment, their insurance coverage will protect their green assets. ■

Butterworth is director of property underwriting at Liberty Mutual Property.



At Bliss & Glennon we understand environmental risk. We know the best access to the environmental market.

Call Bliss & Glennon's National Environmental Practice today for a free consultation on any type of environmental risk.

800-829-7330

John McGovern, Ext. 1385

Paul Guggan, Etc. 1390



www.bgsurplus.com