



Contractor's Protective Indemnity Coverage Highlight Sheet

Environmental Insurance

Benefits of Contractor's Protective Indemnity:

- Alternative to a third-party claim
- Additional protection if DP limits are inadequate or eroded
- Protects the contractor's reputation
- Preserves the contractor's relationship with owner

Cementing our 25 year commitment to the construction industry and positioning XL for the future, XL Insurance's Environmental Group is pleased to present the highlights of our new Contractor's Protective Indemnity (CPI) coverage. The CPI coverage supplements already strong policy forms with additional protection for contractors with design/build exposures.

Contractor's Protective Indemnity coverage is designed to indemnify the contractor for losses arising out of design or engineering services. It provides excess coverage over the subcontracted architect or engineer's (A/E) professional liability policies. The Contractor's Protective Loss Insuring Agreement is provided by endorsement to XL's Professional and Contractor's Pollution Legal Liability policies and should be read in its entirety. The endorsement specifies minimum A/E limits requirements, as well as the SIR that applies in the event the A/E limits are eroded or unavailable.



Protective Loss Insuring Agreement

Covers a PROTECTIVE LOSS in excess of a DESIGN PROFESSIONAL'S (DP) INSURANCE resulting from a negligent act, error or omission in DP SERVICES provided that:

- The DP SERVICES were performed on or after the RETROACTIVE DATE and completed prior to the policy expiration date
- The PROTECTIVE CLAIM is first made and reported by the named insured (contractor) against the DP during the policy period or extended reporting period
- There is no prior knowledge of a circumstance which could give rise to a PROTECTIVE CLAIM
- The contractor takes all necessary steps to pursue the PROTECTIVE CLAIM and obtain recovery from the DP and the DP'S INSURANCE

Protective Loss Definitions

DESIGN PROFESSIONAL (DP) means any person or entity that is legally qualified, certified or licensed to perform design services

DESIGN PROFESSIONAL'S INSURANCE means all professional liability insurance policies in effect at the inception of the policy that have required limits of liability

DESIGN PROFESSIONAL SERVICES means all design services that the DP agreed to perform via written contract with the contractor who in turn agreed to perform via written contract with its client

PROTECTIVE CLAIM means a written demand or lawsuit by the contractor against the DP

PROTECTIVE LOSS means the amount the contractor is legally entitled to recover from the DP



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The information contained herein is intended for informational purposes only. Insurance coverage in any particular case will depend upon the type of policy in effect, the terms, conditions and exclusions in any such policy, and the facts of each unique situation. No representation is made that any specific insurance coverage would apply in the circumstances outlined herein. Please refer to the individual policy forms for specific coverage details.

"XL Insurance" is the global brand used by XL Group plc's (NYSE: XL) insurance companies. Coverages underwritten by Greenwich Insurance Company, Indian Harbor Insurance Company, XL Insurance America, Inc., XL Specialty Insurance Company, and XL Insurance Company Limited—Canadian Branch. Coverages not available in all jurisdictions.

Information accurate as of May, 2011.

Protective Loss Exclusions

This policy does not apply to any protective claim or protective loss:

DEFAULT JUDGMENT

Arising out of a default judgment or monetary award where the DP failed to appear, respond, answer, defend or otherwise plead in connection with the protective claim. This exclusion does not apply if the contractor established that it would have recovered in absence of the default judgment

LEGAL COSTS OR EXPENSES

Arising out of any legal costs or expenses incurred by the contractor in making the protective claim against the DP

PROFESSIONAL PROJECT POLICY

For which insurance is available to the contractor under a project specific professional liability policy

Available Insuring Agreements

XL's existing Professional and Contractor's Pollution Legal Liability combined forms can now be tailored with up to eight insuring agreements - five pollution insuring agreements) plus three professional liability insuring agreements.

Professional Insuring Agreement

PROFESSIONAL LOSS

Covers a professional loss because of a claim resulting from an act, error or omission in covered professional services

MITIGATION EXPENSE

Designed to pay costs to prevent or lessen further injury, damage or harm as a result of an act, error or omission in covered professional services

PROTECTIVE LOSS

Designed to indemnify the named insured (contractor), excess of a design professional's (DP) insurance, for costs the contractor has obtained judgment for as a result of the DP's negligent act, error or omission for which they were under contract with the contractor to perform

Pollution Insuring Agreement

JOBSITE

Traditional CPL coverage for pollution loss at a jobsite arising out of the named insured's contracting services

EMERGENCY REMEDIATION EXPENSE

Designed to pay costs to mitigate the immediate effects of a pollution condition at a jobsite

NAMED INSURED LOCATION

Covers a pollution loss resulting from pollution conditions on, at, under or migrating from an owned, rented or leased location

TRANSPORTATION

Covers a pollution loss resulting from a pollution condition that arises during the transportation of waste or material

NON-OWNED DISPOSAL SITE

Covers a pollution loss from a pollution condition arising at a non-owned disposal site