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Untangling the Web of Brownfields Financing

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Brownfields Transactions

In Brownfields transactions, environmental liabilities can create:

- Disputes regarding the environmental liability valuation and size of environmental escrow
- Indemnification credit risk

Insurance Solutions Reduce Uncertainties



Insurance Benefits – Seller

- Increase net proceeds at closing by reducing/eliminating escrow
- Higher limits and longer coverage term than typical escrow or indemnification agreements
- Eliminate accounting for indemnification given to the buyer
- Capping cleanup costs for known environmental liabilities

Insurance Benefits – Buyer

- Improve competitive-bid position by reducing/eliminating escrow demands
- Cap or transfer difficult-to-quantify environmental liabilities
- Provide certainty in modeling of future cash flows, exit strategy
- Alleviate credit risk of seller's indemnification
- Protect against undiscovered and/or future environmental liabilities
- Higher limits and longer coverage term than typical escrow or indemnification agreements

Pollution Legal Liability (PLL)



Pollution Legal Liability (PLL)

Environmental insurance for fixed facilities – can cover Bodily Injury, Property Damage or Clean-Up Costs arising from Pollution Conditions:

- On, under or migrating from an Insured Property
- Disposal of waste at Non-Owned Locations
- Transportation
- Both pre and new pollution conditions available
- Business Interruption
- Defense provided within the limits

Clean-up Cost Cap/ Environmental Protection Program



Clean-up Cost Cap (CCC) Environmental Protection Program (EPP)

CCC/EPP transfers risk for cost overruns for clean-up to the insurer

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