

ENVIRONMENTAL & CONSTRUCTION PROFESSIONAL

Premises Pollution Claims Scenarios -
Mortgage Protection/Lender Liability



FORMER DRY CLEANER IN A SHOPPING CENTER

A bank was looking to provide financing for the acquisition of a multi-tenant commercial shopping center in Chicago. The issue holding up the negotiations was their concern with potential environmental impacts from an on-site dry cleaner that had operated for decades prior to vacating the site in the late 1990s. A limited investigation that focused on the former dry cleaner was conducted when the property changed hands in the early 2000s. That investigation detected dry cleaning chemicals in soil and groundwater beneath the site. Based on the data collected in the 2000s and the financial strength of the borrower and guarantor, we offered unrestricted site coverage for the lender. In the event the borrower was to default on the loan, the lender would have environmental insurance coverage for cleanup costs or mortgage protection, as well as coverage for third-party bodily injury or property damage claims.

HEATING OIL UNDERGROUND STORAGE TANKS (USTS) IN THE BASEMENT OF A MULTI-FAMILY RESIDENTIAL TOWER

A lending institution wanted to offer a loan to refinance a 45-story multi-family residential tower in New York. The boilers in the basement had historically been fueled by heating oil that was stored on-site in several large USTs buried beneath the basement floor. The USTs were no longer in use and had been abandoned in place decades ago, but there had been no investigation or sampling of the USTs. Concerned about a potential release of petroleum hydrocarbons from the USTs, the lender was hesitant to extend financing on the property. Based on the profitability of the collateral and the financial strength of the borrower and guarantor, we offered unrestricted site coverage for the lender. In the event the borrower was to default on the loan, the lender would have environmental insurance coverage for cleanup costs or mortgage protection, as well as coverage for third-party bodily injury or property damage claims.



24/7 Emergency Response Support

Distinguished's Environmental team of underwriters, engineers, geologists, environmental scientists and insurance professionals have over 300 years of combined environmental and insurance-related experience to provide solutions tailored to protect your business from its unique environmental exposures. Using a customer-focused approach and state-of-the-art systems enables us to provide you with a full suite of products to provide coverage for fixed facilities, contracting services and professional liability with both primary and excess capabilities.

For additional information please contact dstepenosky@distinguished.com

Disclaimer: The information contained herein is intended for marketing and informational purposes only. Insurance coverage in any 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.