

# WAP POI Program Managers

## WAP POI News

[www.environmentalinsurance.com](http://www.environmentalinsurance.com) - Weatherization Plus Healthy Homes

### What is new?

The WAP POI program managers are excited to announce that an A 15 AM Best rated insurance company has been secured to offer expanded POI insurance coverage to the WAP network. Lloyds of London is now underwriting the weatherization Pollution Occurrence Insurance (POI) instead of the Risk Retention Group. Lloyds of London offers an expanded POI policy form, and Lloyds has an AM Best rating of A 15 which is the highest rating possible from the AM Best Rating Company.

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### Is there any cost increase for an A-15 rated insurance company?

No - the cost to the grantees and private subcontractors will not increase. There are surplus lines taxes and fees associated with each state, but the base weatherization rates and minimum premiums from Lloyds have been lowered to offset this additional cost. Therefore, there is no additional cost to the WAP network to secure this A 15 rated insurance company, and this expanded POI coverage.

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### Has the coverage changed?

Yes – the coverage has been expanded. The policy will continue to cover lead, mold, asbestos, radon, residential heating oil, and other harmful constituents that can be disturbed when performing weatherization services in older homes. The “covered operations” endorsement and the “property damage” definition in the policy have been expanded to include “on your behalf” and “diminution” of property value. **The mold coverage deductible has been reduced from \$10,000 to \$2,500.**

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### Can subcontractors still be covered?

Yes – the Additional Named Insured (ANI) Endorsement is still available to extend coverage from a grantee’s policy down to the private subcontractors. The benefit of this approach to grantees is that using the ANI endorsement is the least expensive way to provide the subcontractors with POI coverage. Private Subcontractors can also secure their own coverage through the POI program for 30% less than what is available from the marketplace outside the WAP POI Program.

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### Are the minimum premiums (MP) still twenty five percent less than the MP's in the "marketplace?"

Yes – Minimum premiums are still significantly lower within the WAP POI program as compared to what can be secured outside the WAP POI program.

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### Are the weatherization rates with Lloyds still lower than the “abatement” rates used in the “marketplace?”

Yes – the WAP POI weatherization rates are 50% lower than the abatement rates used in the general

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environmental insurance marketplace.

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### **What are the benefits of this change to WAP POI Program insured's?**

**One**, the weatherization program has weatherized millions of houses. The potential for small and large claims emanating from all this "exposure" creates greater risk to the insurance company as the program matures. Lloyds of London is a significantly larger insurance company, and therefore, it offers increased security to the weatherization network. Lloyds of London is an A 15 rated insurance company with a balance of \$2 billion or more in their claim paying policyholder surplus account. The prior Risk Retention Group had a claim paying policy holder surplus account balance of \$250 million. Lloyds of London alleviates some pressures on the rate increases for the weatherization POI program. Managing exposures and costs for the weatherization POI insurance program is one of the program manager's primary goals. **Two**, the coverage has been expanded.

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### **How does this affect the Community Action Agencies and private subcontractors being covered right now with the Risk Retention Group?**

This change will only be a positive one. At renewal, the insured will simply be offered renewal terms from Lloyds of London. Lloyds of London is a "surplus lines" insurance company. Surplus lines insurance companies meet or exceed each State's requirements. The purchase of Risk Retention Group stock will not be required any longer. There will be some additional Surplus Lines insurance company forms that will need to be signed.

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### **What is the POI Program doing to address the increasing frequency and severity of POI claims, especially mold?**

The program managers in collaboration with loss control representatives are going to be publishing a Quarterly newsletter that will discuss current and past claims, and this loss control newsletter will detail the sequence of events that can lead to claims. Could these claims have been prevented, or the damages minimized? Learning from the past to help prevent or minimize future claims is the goal of this loss control initiative. Please ensure that communication from the POI WAP Program are accepted into your inbox and not directed into your Junk e-mail file.

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**Why is the POI Program good for the weatherization network?** Without it, the power to influence underwriters for coverage expansions, and the ability to keep rates down vanishes. Without it, each buyer of POI coverage would be at the mercy of the market. Without it, the cost for this coverage to the weatherization network service providers would increase by at least 30%, and there would be no assurances of any future positive influences on rates or coverage for service providers in the Weatherization Plus Healthy Homes network.

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**Why should private contractors explore their POI coverage options with the WAP POI Program?** When private contractors have coverage from the WAP POI Program, weatherization departments can be assured that their private contractors have broad form pollution coverage at the lowest premiums available in the marketplace. The WAP POI Program understands the operational complexity of weatherizing a home as it relates to pollution exposures. For over eight years, the WAP POI Program has been underwriting, providing coverage, and administering claims for the weatherization network service providers.

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