

# Lender environmental collateral protection

Zurich provides environmental liability policies tailored specifically for lenders. Our flexible programs allow a lender to insure a single loan or to put together a portfolio program for the lender's commercial real estate backed loans.



In the event of a loan default and discovery of environmental contamination, the lender environmental policy offers coverage to help protect collateral value and related financial losses that could hurt the lender's bottom line.

**Target Customer:** Financial Institutions, Banks, Savings and Loan Companies, Credit Unions, Capital Market Lenders, Life Insurance Companies, or any financial institution which originates commercial real estate backed loans.

**Portfolio programs** may be utilized by lenders when they are looking for an alternative risk management tool to transfer their environmental risk to a financially sound insurance company rather than trying to identify the risk with an environmental report.

The benefits of using a lender environmental insurance portfolio program include:

- Providing the lender with a true risk transfer mechanism for their environmental risk.
- The policy will pay for a covered loss rather than try to identify it at a specific point in time.
- Streamlining the loan process by providing a faster turn-around time on loans.
- Cost of environmental insurance is typically less than the cost of new phase I environmental site assessment.
- Ultimately, it can provide lender with competitive advantage as a result of being able to offer their borrowers lower closing costs and faster turnaround on their loans.

**Single loan policies** may be utilized when a lender has an environmental concern on the collateral property and borrower does not want to perform phase II or provide financial guaranty/escrow.

The benefits of using lender environmental insurance on an individual loan include:

- Lender has a dedicated environmental liability policy that protects their collateral value.
- It provides a tool to help lenders get comfortable with the environmental risk on the collateral property and help them to make the loan.
- It offers lender a lower cost option to present to, or accept from, their borrower to address the environmental concern on the property.

## Zurich

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