



WHAT TO EXPECT IN THE ENVIRONMENTAL  
AND CONSTRUCTION PROFESSIONAL  
LIABILITY INSURANCE MARKET.

By **RT Environmental and Construction Professional**

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usinesses in construction, real estate and other industries can expect challenges, as well as opportunities, as they prepare to renew or buy environmental and construction-related professional liability coverages in the remainder of 2025.

Overall, insurance market conditions are stable across most lines. Some will become more competitive as new players enter the marketplace, which is a development that should favor insurance buyers.

Obtaining appropriate insurance is a critical task for businesses, not only to protect their assets and reputations but also to preserve their profitability. The ultimate impact of trade tariffs on construction insurance is uncertain, but tariff negotiations may cause a slowdown in the marketplace as insurance companies consider the implications.

Contractors' need for insurance that aligns with their project risks has increased since the Infrastructure Investment and Jobs Act of 2021 passed. The federal law provides funding for a wide variety of complex projects, including roads, bridges, public transit, airports, ports and waterways, and cleanup of brownfield and Superfund sites. More than 60,000 projects have been funded through the law, according to the U.S. Department of Transportation, and many of those will be in progress during 2025 and 2026.

Environmental liability risks should remain a key consideration for real estate owners, developers and businesses in manufacturing, hospitality and other industries. As the Environmental Protection Agency (EPA) under the current administration seeks to relax or freeze certain regulations, numerous legal observers suggest states will step in with stricter laws, which may increase environmental litigation.

In March, EPA Administrator Lee Zeldin announced 31 deregulatory actions to reconsider previous rules and standards and redirect internal resources. The EPA said the actions are intended to increase U.S. energy independence, reduce the cost of energy, ease restrictions on the automotive industry and shift decision-making on certain environmental programs back to states.

To mitigate risk in an evolving climate, here are outlooks for lines of environmental and construction-related professional liability coverages:

**Contractors pollution liability (CPL).** This provides coverage for pollution that occurs from contracting operations performed by or on behalf of an insured entity. CPL typically covers liability arising from pollution at the jobsite, transportation, non-owned disposal sites or at owned, rented or leased locations.

Several new insurers are expected to enter the CPL market during 2025, and rates should remain stable. Insurers will focus on projects with exposure to per- and polyfluoroalkyl substances (PFAS), known as "forever chemicals." Contractors with PFAS exposures may see higher premiums, increased deductibles or self-insured retentions, and reduced coverage limits.

**Pollution legal liability (PLL).** This is one of the main tools for transferring risk in contaminated property transactions, providing for cleanup and remediation expenses, property damage,

third-party bodily injury and defense expenses. Typically, PLL coverage is beneficial for every industry that owns, leases, acquires or divests real estate.

PLL is expected to remain competitive with the entry of new insurers. PFAS exclusions, however, continue to be imposed for new and renewal PLL policies for certain classes of business.

**General liability/pollution legal liability (GL/PLL).** As a form that blends two major forms of liability insurance, GL/PLL is a single policy that offers coverage for exposures relating to products, sites and processes. Originally, GL/PLL was developed for chemical manufacturers, distributors, waste management facilities and other makers of environmental products, but the insurance marketplace has expanded the classes it will underwrite.

PFAS exclusions became common in GL/PLL policies during 2024. Rates stabilized, but continued increases are expected on automobile and excess liability coverages in 2025 due to concerns over litigation expenses.

**General liability/contractors pollution liability/professional liability (GL/CPL/PL).** A combined environmental casualty insurance program, GL/CPL/PL is available to environmental contractors, such as asbestos, lead or mold abatement, emergency response, tank installation and removal, industrial cleaning, waste transporters, restoration contractors and renewable energy contractors.

Limited coverage is available for this combined set of coverages and double-digit rate increases have become common for environmental contractors with heavy-equipment fleets. In 2025, insurers are likely to continue to scrutinize contractors' automobile risks.

**Architects & engineers (A&E).** This coverage provides a financing mechanism for design professionals and engineering firms to protect from loss arising from actual or alleged negligent acts, errors and omissions in performing professional services. A few insurers are willing to entertain project-specific professional liability programs, and coverage capacity generally remains limited in 2025. Architects and engineers and their risk advisers may need to approach multiple insurers to achieve desired coverage limits.

**Contractors professional liability (CPL).** This product is intended to cover damages arising from negligent acts, errors and omissions in the professional services that are performed by or on behalf of a construction business. General trade contractors and commercial general contractors continue to see favorable rates and terms. Still, heavy civil construction and contractors involved in process engineering, as well as design-build projects, are likely to see extra scrutiny and potentially higher rates.

The marketplace appetite for CPL risks remains mixed in 2025, with some insurers offering flexible solutions while others are more selective for certain types of projects.

**Owners protective professional indemnity (OPPI).** Project owners and developers seeking additional protection against professional liability errors can gain broad coverage for construction-related professional services on a project with OPPI. It offers excess coverage above the underlying policies for architects and engineers, construction managers, general contractors, design-build contractors and subcontractors. Typically, OPPI policies include a

# **INSURERS WILL FOCUS ON PROJECTS WITH EXPOSURE TO PER- AND POLYFLUOROALKYL SUBSTANCES (PFAS), KNOWN AS "FOREVER CHEMICALS." CONTRACTORS WITH PFAS EXPOSURES MAY SEE HIGHER PREMIUMS, INCREASED DEDUCTIBLES OR SELF-INSURED RETENTIONS, AND REDUCED COVERAGE LIMITS.**

retroactive date to the start of design, match the construction schedule and allow an extended reporting period, enabling coverage up to about 15 years.

Marketplace competition is healthy for OPPI policies, with economical solutions available for nearly any type of project. Submission requirements have become more stringent, with insurers seeking more detail on projects, budgets and contracts.

## **Real estate developers professional liability (RED).**

This type of insurance protects developers and owners against losses stemming from negligent acts, errors and omissions during the performance of real estate development professional services. RED coverage can be designed for corporate entities or on a project-specific basis. The marketplace for RED policies has expanded since the product's introduction in 2009 and most insurers writing the coverage are open to expanding policy features and customizing coverage to meet the needs of real estate firms.

To obtain appropriate financial protection for environmental and construction-related risks, businesses should discuss their exposures with qualified risk, insurance and legal advisers.

## **Risks in Forever Chemicals**

Insurers are scrutinizing liability risks associated with PFAS, which are chemicals that have been widely used in industrial and consumer products since the 1940s, according to the EPA. These manufactured chemicals persist in the environment and can impair health. Research is ongoing, but studies have found that elevated levels of PFAS can have several effects on humans, including increasing the risk of some cancers, suppressing the immune system and decreasing fertility.

Forever chemicals are pervasive and can be found in drinking water, waste sites, consumer products, food packaging and other items. In 2021, the EPA issued a strategic roadmap to study PFAS, restrict their entry into air, soil and water, and accelerate the cleanup of PFAS contamination.

Meanwhile, litigation over PFAS manufacturers is increasing. As of June, more than 2,100 federal court cases have been filed in 2025 and the full-year number is expected to exceed the 4,640 filings in

2024, according to law firm Steptoe LLP. Rulings on PFAS lawsuits vary by jurisdiction, making it difficult to estimate the financial impact of litigation involving exposure to forever chemicals.

## **Managing Risks and Improving Coverage**

Here are five tips for construction industry firms when considering their project risks and insuring them:

**1) Increased liability in project bidding.** Contractors should consider their PFAS exposures when bidding on projects in 2025. Exposures exist in construction and site services at airports, bulk fuel terminals, and aging manufacturing and brownfield sites. Federal regulations on PFAS chemicals increase liability for contractors in high-risk projects within the remediation, utility, civil engineering and water treatment sectors.

**2) Differing policy forms.** Insurers offer different types and levels of coverage. For example, PLL policies differ on higher-hazard exposures, such as manufacturing, chemical manufacturing and distribution, and recycling. Navigating the marketplace for construction firms is challenging. They must pay close attention to coverages to avoid disparities and uncovered claims, and the majority of carriers "re-wrote" their policies in 2025.

**3) Rectification coverage.** Discovery of a design defect often results in expenses to fix the problem and can invite third-party litigation. A&E policies can be enhanced to provide affirmative coverage for costs needed to rectify a design defect and prevent a third-party claim.

**4) Nonstandard definitions.** Across professional liability policies for construction organizations, "professional services" doesn't have a standard definition. Construction firms should ensure they understand what is included and, just as importantly, not included in their policies' definitions of professional services.

**5) The importance of expert advice.** Working with an experienced risk adviser and insurance experts with specialized knowledge of the construction industry is a prudent way for construction businesses to mitigate their risks and obtain the best available insurance coverage for their situations.

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