

Environmental Rectification Expense Insurance for Environmental Contractors and Consultants

By [Marc McAree](#), Partner and Certified Environmental Law Specialist and Erin Garbett, Student-at-Law. © Willms & Shier Environmental Lawyers LLP.

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XL Catlin announced that it is now offering environmental contractors and consultants the option to add “rectification expense” coverage to XL Catlin’s professional and pollution legal liability insurance products. XL Catlin states that its rectification expense insurance will provide “first party insurance coverage to address the costs to correct an error or omission in an insured’s professional services, whether rendered by the contractor or on their behalf.”¹

Typically, professional and pollution liability coverage responds only to third party claims. XL Catlin suggests that rectification expense coverage has the potential to fund a solution to a mistake made by an environmental consultant or contractor. This will resolve what may otherwise become a dispute and thereby enable the project to carry on. Rectification expense coverage will hopefully allow projects to continue with substantially shorter interruptions and at lower cost to all involved once there is discovery of a correctable error.

Although not a substitute for sound environmental risk management practices, rectification expense coverage may be a valuable risk transfer tool available to environmental contractors and consultants. Project proponents might wish to think about contractually requiring their environmental contractors and consultants to purchase this additional coverage.

[Marc McAree](#) is a partner at Willms & Shier Environmental Lawyers LLP and a Certified Specialist in Environmental Law. Marc may be reached at 416-862-4820 or by e-mail at mmcaree@willmsshier.com.

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¹ Canadian Underwriter, “XL Catlin adds rectification expense cover to contractor’s professional and pollution legal liability insurance” (30 May 2016) online: Canadian Underwriter <<http://www.canadianunderwriter.ca/legal/xl-catlin-adds-rectification-expense-cover-contractors-professional-pollution-legal-liability-insurance-1004092170>>.