



New Jersey Municipal Environmental
Risk Management Fund
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EJIF BULLETIN #16-01

TO: FUND COMMISSIONERS
FROM: UNDERWRITING MANAGER – Danskin Agency, Conner Strong & Buckelew
DATE: July 11, 2016
SUBJECT: PROPERTY ACQUISITION AND DIVESTITURE

We have seen an increase in the acquisition of property via foreclosure, offer of gift, eminent domain, tax lien, adverse condemnation, and by other means of ownership or occupancy, including lease agreements. Acquiring property by these methods and others can create uninsured liability exposures for existing site conditions.

It is appropriate at this time to emphasize that prior to acquiring or occupying property, it is vitally important that proper due diligence be performed and that one recognize there are several exclusions under the EJIF policy that apply to the types of property described above. **Notably, the EJIF does not cover liability from prior and/or existing pollution.**

Experienced legal counsel is an absolute necessity in negotiating the complicated agreements that are required in these types of transactions. Assumption of liability and other contractual obligations can create uninsured exposures that should be avoided. We urge you to consult with your attorney, municipal engineer, and any other professionals involved with any prospective land acquisition and/or property occupancy.

As part of EJIF services, the Fund offers a property screen as a first step in the due diligence process. **This property screen does not take the place of a Phase I or Phase II, but is an indicator of the level of risk on a particular property. For additional information, please refer to the revised Environmental Alert “The Hidden Cost of Property” included with this bulletin.** To request a property screen please contact your respective Environmental Engineer. Service Team contact information can be found on the accompanying July 2016 Environmental Alert.

Divestiture of property is another potential pitfall if not done with proper disclosure of environmental history to the buyer or recipient of the subject property. **The EJIF currently excludes pollution that commences after the date the covered property is sold, given away, leased, and abandoned or where you have relinquished operational control.**

Please consult with the EJIF Underwriting Managers or your Member’s Risk Management Consultant for potential insurance solutions to the above matters.

This bulletin is for information purposes only. It is not intended to be all-inclusive, but merely an overview. It does not alter, amend or change your coverage. Please refer to specific policies for limits, terms, conditions and exclusions.