

Drilling Contractors Program

Agent's Kit

Industry Profile

A ground water contractor may be involved in the drilling of water wells, environmental monitoring wells and incidental soil core sampling. Approximately 800,000 boreholes are drilled in the U.S. annually. The construction of these systems involves the use of more than 19,000 drilling rigs by an estimated 8,000 ground water contracting firms.

The typical well drilling contractor will operate with 4 employees and 2 drilling rigs. The majority of work will involve the drilling of wells for public supply, private supply, irrigation, livestock, manufacturing, mining, including pump installation. The remaining operations will be attributed to the service of pumps, sale of parts and the drilling of monitoring wells.

Monitoring wells are classified by OSHA and EPA as Level A, B, C & D. These classifications are based on the level of personal protective equipment required to be worn at the drilling site by the contractor's employees:

Level A: Greatest level of protection for skin, eyes and respiratory system including self contained breathing apparatus (SCBA).

Level B: Highest level of respiratory protection is required, but a lesser level of skin protection is required.

Level C: The types and concentrations of airborne substances is known and criteria for personal protective equipment is met. Skin and eye protection should be provided as appropriate.

Level D: Work uniform providing minimal protection for nuisance contamination only.

The larger drilling contractor will operate with up to 25 employees and 6 drilling rigs. The majority of their operations will involve the drilling of residential, commercial and municipal wells. Up to 50% of the drilling may be environmental monitoring wells (Level C and D). These monitoring wells may be for underground gasoline tanks and active or closed landfills. Level A and B sites may be encountered on a very incidental basis with contractors possessing a high level of expertise and experience.

Emerging Trends

Horizontal Earth Boring – Traditional well drilling contractors are beginning to contemplate an operational expansion into horizontal earth boring for the installation of utility systems for public and private owners. Due to their experience with drilling rigs some of these firms may begin to invest in and bid on trenchless technology utility infrastructure projects.

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EPA Legislation – Perhaps the most pressing legislative issue is the Federal Government's attempt to provide rural water districts with grants/loans to construct water utility infrastructure. While this is not expected to pass this year, this legislation would potentially cripple the industry by eliminating the need for many private water well systems.

Program Eligibility

This program is designed to attract well drilling contractors of all sizes. The risk must meet the following eligibility criteria before you may quote, bind or write it in this program.

Operations

Seventy-Five percent (75%) or more of the ratable exposure for the firm must emanate from the following:

- Water well drilling/installation
- Pump installation/repair
- Monitor well drilling & installation at Level C & D sites
- Soil core boring/sampling
- Geothermal drilling and Hydro-Fracking
- This program requires that all risks communicate with the One-Call Service Center, and utility owners that are not members of the One-Call Service Center, prior to all scheduled excavations/borings/drilling installations.

Ineligible Operations

- Drilling for oil or gas
- Monitor well drilling and/or installation operations at sites with Level A or B designation
- Placement determination or depth determination of monitor wells
- Pollution monitoring or testing
- Process control decisions at water treatment sites
- Work at hazardous waste sites or designated Super Fund locations
- SIC 9511: Air and Water Resource and Solid Waste Management
- SIC 4952: Sewerage Systems

Special Coverages Available

General Liability

- \$1,000,000 Per Occurrence
- \$2,000,000 Aggregate
- \$2,000,000 Products/Completed Ops Aggregate*
- \$100,000 Fire Damage Legal Liability
- \$2,500 Minimum Property Damage Deductible, Per Occurrence

**Limits may vary by state. Contact your underwriter for specifics.*

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Umbrella

Up to \$25,000,000 available; submit completed Acord Umbrella application for quote.
(Not available on a stand-alone basis.)

Underlying Requirements

- A.M. Best rating A-VII or higher
- Minimum underlying limit requirements:
 - GL: \$1,000,000/\$1,000,000/\$1,000,000;
\$1,000,000/\$2,000,000/\$2,000,000 **preferred**
 - AL: \$1,000,000 CSL
 - EL: \$500,000/\$500,000/\$500,000

SUBMISSION REQUIREMENTS

- Acord Application
- CIS Supplemental Application signed by Insured and Agent
- Loss runs – 5 years currently valued and details of losses over \$10,000
- Expiring declarations page and rating worksheet pages
- Two years of prior job lists and/or certificate holder list
- 5 years premium, payroll, receipts
- Employers Liability
 - 5 years hard copy loss data
 - W.C. – Mod
 - Total number of employees
 - Total number of employees ever in one place at one time
- Auto
 - 5 years hard copy loss data
 - 5 years incurred loss ratio