

Pollution and environmental conditions are growing exposures for many businesses; exposures that are not covered under standard insurance policies. Environmental insurance products date back to the mid- to late 1980s, and have evolved since then to keep pace with changing trends, new exposures and greater coverage needs.

A steadily increasing focus on the environment paired with an expanding list of known pollution sources have led to many recent **costly** law suits that companies never saw coming.

Due to the unknown nature of many environmental conditions, a pollution claim can arise at any time, for nearly any type of company, and the **cost** could prove devastating.

Pollution insurance is available as a separate policy to protect companies from the risk of environmental conditions and cover the many potential costs of those exposures.

Newer pollution policies cover site owners for the entire lifespan of a property – from “cradle to grave” [as long as the owner has coverage throughout this entire period]. This lifespan begins when the property is acquired, lasts throughout its useful purpose and ends when the property is abandoned or sold – because the property owner could be liable for environmental exposures during any phase of the property’s lifespan.

Many of the recent pollution policies also include previously known exposures, such as asbestos, lead-based paint, or specific contaminant levels that were previously below legal standards. Such known exposures used to be widely excluded.

Pollution is an unpredictable, **costly** exposure that your business needs to consider as part of its risk management program. While a lot of pollution-related incidents can be prevented, there is always the possibility for an unexpected spill, contamination or environmental condition to occur or surface. A thriving business today requires pollution protection.

For 60 years, the name Scirocco has been synonymous with quality, service and innovation in the insurance industry.

Are you prepared for an OSHA visit?

Call **Fran Lusardi**
to learn more about self-inspections
and OSHA inspection criteria.

201 727-0070 ext. 301
flusardi@sciroccogroup.com

777 Terrace Ave, Suite 309
Hasbrouck Heights, NJ 07604
www.sciroccogroup.com



This brochure is for informational purposes only, and is not intended as legal advice. For further information please consult a Scirocco insurance professional. © 2008-2012 Zywave, Inc.

SCIROCCO GROUP
INSURANCE



**Pollution:
Profit Poison**



Are You Adequately Protected?

Does your business have all the insurance protection it needs—or even all the coverages you believe are in place? Here are some examples of recent pollution claims to illustrate how important pollution coverage can be:

- Carbon monoxide escapes from a restaurant's heating, ventilating or air conditioning system causing illness and dizziness among patrons.
- A fuel line on a contractor's air compressor suddenly ruptures, discharging fluid, which scars a recently resurfaced parking lot.
- A cleaning compound is inadvertently deposited down the drain of a day care center, causing fumes, which makes some children ill.
- A private country club dumps herbicides in an abandoned well, causing ground water contamination.
- An off-site service person ruptures a chemical hose, resulting in extensive premise damage.

All of these incidents occurred and **none were determined to be covered** under the applicable commercial general liability policy.



Who is covered?

Traditional pollution policies covered only the site owner, but several parties could be liable for environmental conditions.

During the sale of a property, both the seller and purchaser could have potential liability.

Lenders whose loans are backed up by actual real estate also face a potential liability if they foreclose on a property and afterwards an environmental condition is discovered. Not only will this make the value of the property plummet, but the lender would be responsible for the costs of the pollution.

The tenant of a property, whether the owner or renter, also faces liability for pollution claims, particularly if their business operations or personnel caused the pollution.

Why purchase pollution insurance?

The risk of pollution may seem somewhat obscure, but it could arise at any time. New forms of pollution and contamination are frequently being discovered. Often this results in large lawsuits due to third-party bodily injury or property damage.

Due to the widely variable and uncertain nature of environmental and pollution factors, this risk is an economically uncertain liability – but one that could be financially disastrous. Costs could exceed the value of the property itself.

A single third-party claim could include bodily injury, property damage and/or hefty cleanup costs, both for contaminants that traveled offsite or were released onsite. In addition, the company would be responsible for the court costs associated with defending itself as well as business interruption. Pollution Insurance can cover all of these exposures.

What qualifies as a pollution source?

Many claims that insurance companies classify as pollution-related you may think would be covered under your commercial general liability (CGL) policy. Due to the sweeping pollution exclusion on these standard policies, you may find yourself surprised when a claim is classified as pollution and not covered.

The following are just a sampling of possible pollution exposures that may affect your company:

- Chinese drywall (defective drywall containing unsafe levels of sulfur that has been released into the air)
- Toxic mold, fungus or other bacterial contamination
- Silt runoff from construction sites into public water sources (liability for both contractor and property owner)
- Certain green construction techniques that can cause unforeseen pollutants
- Nanotechnology
- Asbestos
- Lead-based paint
- Any contaminants or chemicals that could be released into the air or public water supply (this list could be endless, including solvents, degreasers, paints, cleaning products, fuels, pesticides, herbicides, etc.)
- Aboveground or underground storage tanks
- Improper waste disposal (including medical waste)
- Building or car exhaust/fumes
- Malfunctioning of HVAC or ventilation equipment
- Malfunctioning, crumbling or leaking of older buildings and pipes, causing contamination