

# GOOD TO KNOW



AMERICAN RISK MANAGEMENT  
RESOURCES NETWORK, LLC.  
**ENVIRONMENTAL**  
INSURANCE TOOLBOX

since 1999

**JUNE  
2018**

## Site Pollution Liability Insurance

*5 Useful pieces of information on SPL Insurance*



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#### OTHER ENVIRONMENTAL PROSPECTS WE CAN HELP WITH!

- General Construction Firms
- Fire & Water Restoration Contractors
- Mold/Asbestos/Lead Contractors
- Asphalt and Paving Contractors
- Environmental Contractors
- Waste Water Treatment Plants
- Landfills
- Farms
- Municipalities
- School Districts
- Plumbers, Roofers, & Artisan Contractors
- Hotels, Condo & Apartment Building Owners or Managers
- Property Transfers Including Purchase & Sales, Mergers & Acquisitions
- Roustabouts, Freshwater Haulers, & Fracking Support Contractors



## General Site Pollution Liability Terms

### Environmental Impairment Liability (EIL)

EIL is another term used for site pollution liability. Many insurance carriers will use this term when describing liability coverage for a particular property or site.

### Pollution Legal Liability (PLL)

Similar to Environmental Impairment Liability, Pollution Legal Liability is another descriptive term used for site pollution liability. Many insurance carriers will use this term when describing liability coverage for a particular property or site.

### Pollution Condition

A pollution condition is in general the release, escape, dispersal of a pollutant or constituent. In order for a site pollution liability policy to trigger coverage to the terms and conditions of the policy, there must be an event or pollution condition. For example, when a holding tank ruptures, that could be described as a pollution condition.

### Pre-Existing Conditions

When we hear or see the word "conditions" in regard to environmental insurance, this simply means a pollution condition. There are two types of pre-existing conditions: known and unknown. Known conditions would be a pollution condition the applicant had knowledge of when procuring the environmental insurance for the property. Unknown conditions are pollution conditions the applicant is not aware of and are not uncovered in environmental reports at the time of procuring environmental insurance.

### New Conditions

New conditions are pollution conditions that first occur after the policy has been put in force, or after the retroactive date associated with the specific property. This means that the release, escape, dispersal of the pollutant or constituent must first start after the retroactive date or policy inception for the policy to trigger.



## Site Pollution Liability for Industrial

Industrial risks that own or operate at a specific property have environmental liability and insurable interest for that property if a pollution condition were to occur at or on their property or migrate to a neighboring property. Site pollution liability is intended for pollution conditions that occur at the owned or operated property and for conditions that migrate to a neighboring property. This includes pollutants or constituents that affect the soil, groundwater, atmosphere, or any body of water.

Industrial risks are more inclined to purchase environmental liability insurance coverage due to the nature of their operations and the environmental governing bodies encouraging or requiring the need for

financial assurance.

The coverages offered on the site pollution policy would depend on how adequately documented the location is for potential environmental conditions. The more documentation and risk management, the broader the coverage offering.



## Site Pollution for Clean Commercial Properties

Clean commercial properties such as hotels, office buildings, apartments, and assisted living facilities are generally overlooked as a risk that needs environmental insurance coverage. For many insurance professionals, it is believed that their operations do not pose an environmental risk to a third party. However, just because their day to day operations may not directly cause a pollution condition, they still assume liability for poor indoor air quality as well as pre-existing unknown pollution conditions in the soil, land, water, and ground water.

Property and General Liability policies sold to commercial properties commonly include pollution, fungi and bacteria exclusions with very limited pollution coverage givebacks through endorsements where they

could very well not include core environmental insurance coverage grants. The various pollution, fungi and bacteria exclusions on property and General Liability policies drive the need for commercial property owners and managers to procure genuine environmental insurance coverage and risk management to help manage the indoor air quality and environmental loss exposures.

In January of 2018, Kari Dybdahl released the ARMR HPR™ program to address the various environmental loss exposures commercial property owners and managers face daily that are overlooked in their insurance program. For more information on the ARMR HPR™ program, please contact Kari Dybdahl, Program Manager at kari@armr.net or (608) 824-3341.



## Site Pollution Liability for Developers

The need for site pollution liability for developers varies depending on their ownership and operation of the location or project. If the development company owns the land and is developing the property, they would need to procure a site pollution policy at the time of purchase. If the development company holds a ground lease on the location, they would need to procure a site pollution policy at the time of signing the lease and ask for a policy term for the full length of the ground lease. Site pollution liability policy terms can be 10 years in length to meet the ground lease terms.

If the developer needs to do investigation prior to the purchase of the land or before signing a ground lease, it is highly recommended that the development company put in place a Contractor's Environmental Liability (CEL) policy.

The site pollution policy coverages offered would depend on how adequately documented the location is for potential environmental conditions. The more documentation and environmental risk management, the broader the coverage being offered will be.



## Conclusion

# 5



## Conclusion

The complexities of site pollution insurance are sometimes hard to wrap your head around. With our expertise and knowledge, we can guide you in the right direction.

We have worked with insurance professionals on a broad spectrum of various environmental risks from hotels to brownfield developments to international manufacturing acquisitions, just to name a few! To learn more about our background with environmental insurance, please visit our website [www.armr.net](http://www.armr.net).

We look forward to working with you on the next commercial property risk that hits your desk! Reach out to us today. Thank you for choosing us to be your environmental insurance resource.



# GOOD TO KNOW

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Honesty | Integrity | Knowledge | Excellence | Accountability