

GOOD TO KNOW



AMERICAN RISK MANAGEMENT
RESOURCES NETWORK, LLC.
ENVIRONMENTAL
INSURANCE TOOLBOX

since 1999

**APRIL
2018**

Tank Pollution vs. Site Pollution EIL

5 Examples of policies that are similarly different



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**Tank
Pollution
vs. EIL**



read all about it on page 2

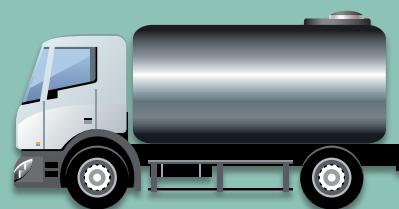
**Convenience
Stores and
Contaminated
Food**

2



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3

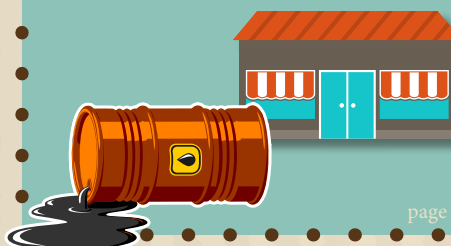


**Transportation
Pollution Liability**

read all about it on page 3

**Legacy
Environmental
Contamination**

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**GOOD TO
KNOW**

**Fun
Facts**

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read about it on page 4

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

Tank pollution policies and Environmental Impairment Liability (EIL) policies are similar and different at the same time, which can become confusing and complex quickly. In this Good to Know, we will go through the similarities, differences, and fun facts of both policy offerings.

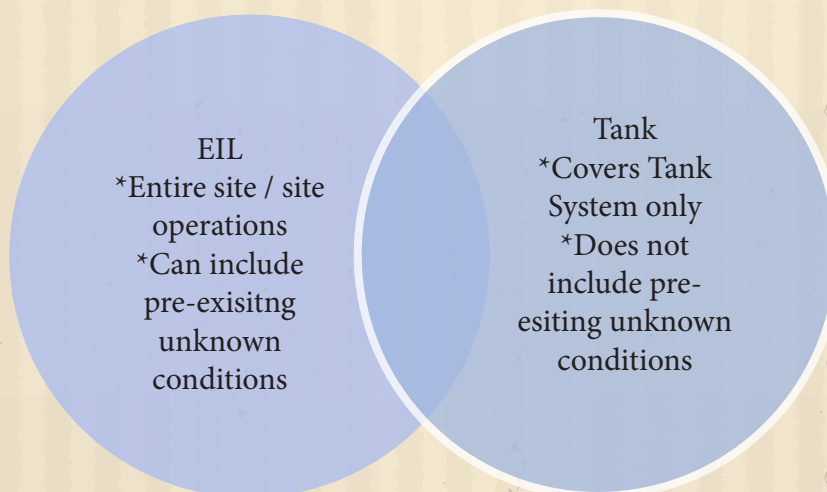
Let's dig deeper and leak some info! (Pun intended.)



Tank Pollution vs. Environmental Impairment Liability (EIL)

Tank pollution and EIL policies both require specific scheduling of the underground storage tanks on the corresponding environmental policy. However, tank pollution liability restricts coverage to only the scheduled storage tank system. So, while tank policies schedule only the specific tanks, EIL or site pollution policies schedule specific locations and provide environmental liability coverage for the soil and atmosphere at those sites as well as the environmental liability associated with the tanks. Underground storage tanks still need to be specifically scheduled on an EIL; however, aboveground tanks are automatically included at listed locations! It is likely your client with underground or aboveground storage tanks thinks their only environmental or pollution exposure is a leaking storage tank, which for many operations is simply not true. We want to transition

the status quo to not accept these statements and encourage our insurance agents to dig deeper with their tank insurance buyers on their true environmental and pollution liability, because, odds are, they have much greater environmental exposure than they realize!



The overlap above would be an EIL policy with tanks specifically scheduled and provide bodily injury, property damage, and cleanup costs!



GOOD TO KNOW

Convenience Stores and Contaminated Food

2

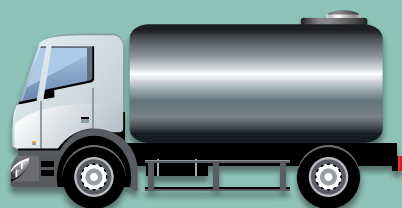


Convenience stores and contaminated food

Most gas station convenience stores sell hot and cold food to their customers. In 2000, one store in Wisconsin unintentionally sold sandwiches contaminated with *Listeria monocytogenes* bacteria. This strain of bacteria causes healthy adults to become sick with flu-like symptoms. When the elderly or others with weakened immune systems are exposed, the resulting infection can be fatal. In this instance, the Fungi or Bacteria exclusion on almost all Commercial General Liability policies would trigger, denying coverage for bodily injury related to the loss. Because of the involvement of bacteria, this could be covered under a pollution policy. However, this is also an example of where a tank policy would not trigger, because this type of pollution policy only applies to the tank system. This claim would trigger an EIL policy designed to cover losses resulting from bacteria!



3



Transportation Pollution Liability

Transportation Pollution Liability

Another significant environmental exposure is transportation. If a vehicle causes an accident or overturns on or off the road, it can leak gasoline and other pollutants, irritants, or contaminants into the environment. Milk, alcohol, and gasoline spills have all caused diminished oxygen levels in waterways killing scores of fish and other aquatic life. In these cases, even milk was deemed a pollutant and, when the EPA assigns a total for the cleanup, future monitoring costs and the value of each animal that perished makes up the bill that falls completely to the insured. If they didn't have the proper policy in place for environmental damage, that bill is paid out of pocket. An EIL policy with transportation pollution liability (TPL) could have triggered for this and provided a coverage! A tank pollution policy would not apply to a loss like this.



Legacy Environmental Contamination

4



Legacy environmental contamination

Picture this: your fuel station client, who you provide a tank pollution liability policy for their storage tanks, had an old neighbor that was a metal shop with a lead foundry. The company declared bankruptcy and went out of business many years ago. Over the years, a plume of contaminated soil has shifted and migrated onto your client's property. Because the old metal shop and lead foundry business went bankrupt and there is no other remaining responsible party with assets for liquidity, the EPA would come after your client and assign them a fair percentage of the cleanup because the issue is currently on their site. This is a cost only an EIL or site policy would trigger for! Their tank pollution liability policy would provide no coverage.



Fun Facts

According to the EPA, approximately 555,000 underground storage tanks (USTs) nationwide store petroleum or hazardous substances.

The average clean-up of a tank is \$110,000 in the state of Colorado.

Nine out of ten single-walled steel tanks leak after 20 years.



Conclusion:

The bottom line is some environmental insurance is better than no environmental insurance. However, partnering with a specialized environmental insurance brokerage helps ensure you are up-to-date on the current comprehensive placements. Not only limiting coverage to the tank system is an idea we would like insurance professionals to consider when approached for tank pollution liability coverage by an insured or prospect!

Let's have some fun with environmental insurance – call our ARMOR Team today!

Sources: EPA, U.S. Department of Transportation, Landshire Fast Foods of Milwaukee, Inc. v. Employers Casualty Company, Kari Dybdahl

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RESOURCES NETWORK, LLC.
ENVIRONMENTAL
INSURANCE TOOLBOX

Your ARMOR Production Team:



KARI DYBDAHL
EXECUTIVE VICE PRESIDENT
DIRECTOR OF OPERATIONS

kari@armr.net
608 824.3341



JAYDEN JOHNSON
ACCOUNT MANAGER

johnson@armr.net
608 836.9520



NICK KOHAL
ACCOUNT MANAGER

kohal@armr.net
608 836.2791

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