

Hanover Specialty Industrial: Specializing in Stability

In partnership with Cross Insurance



What is pollution? What is a pollution incident? Read Your Definitions!

Pollutants: Any solid, liquid, gaseous or thermal irritant or contaminant, including:

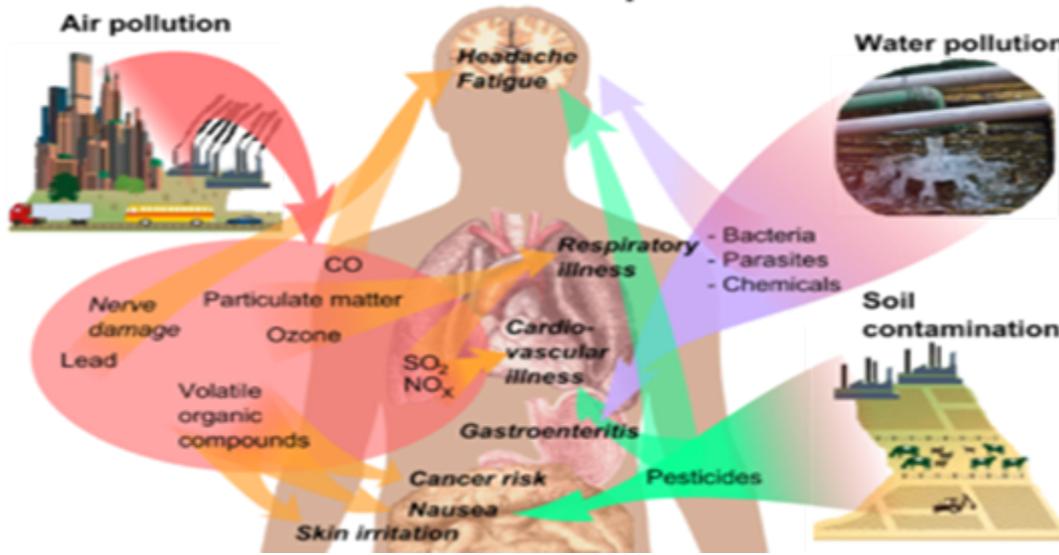
- Smoke, soot, vapors, fumes, acids, alkalis, chemicals, hazardous substances, hazardous materials, waste materials including medical, infectious and pathological wastes.
- Pollutants includes electromagnetic fields, mold matter and legionella.

Pollution incident:

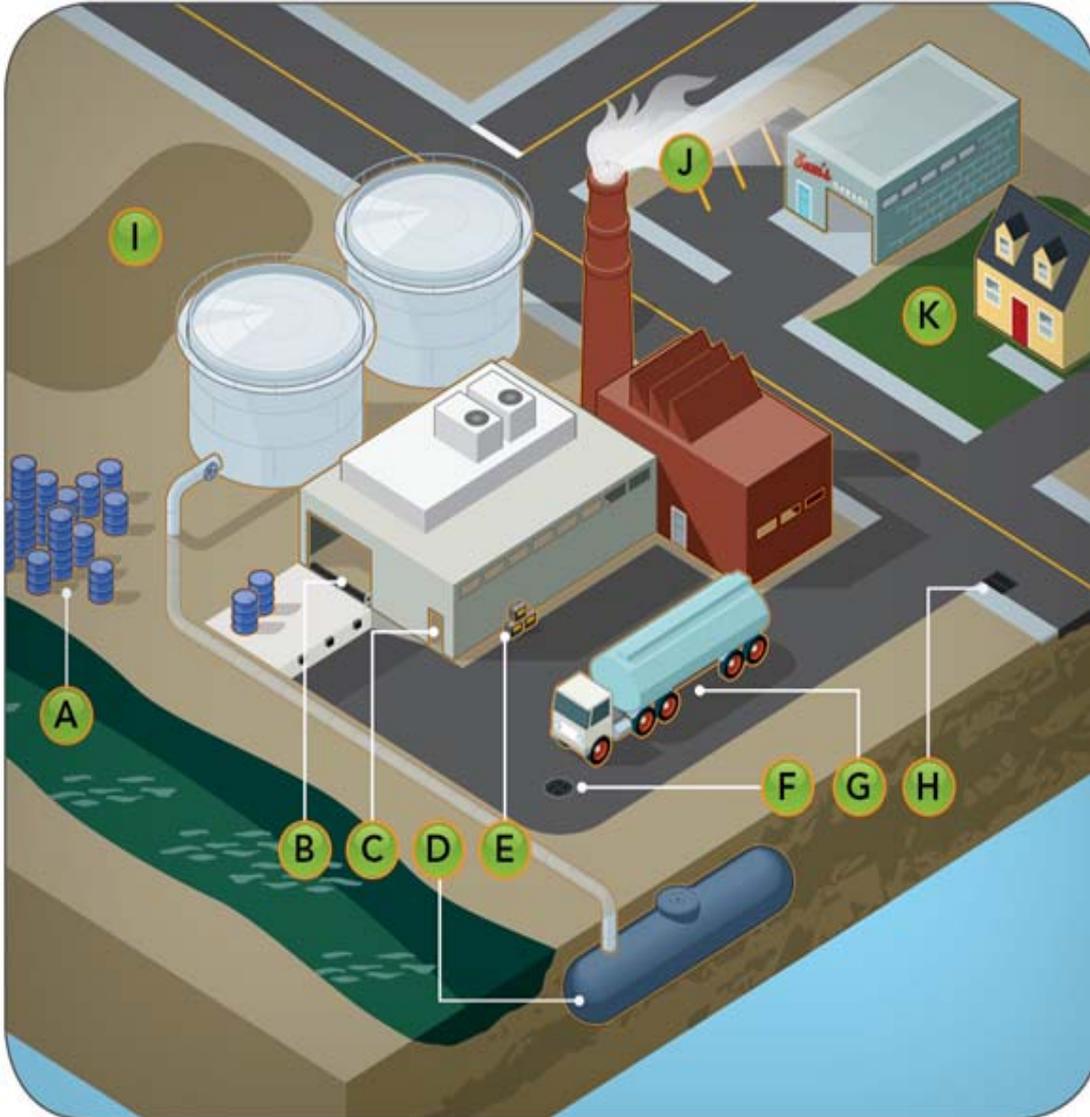
- The discharge, dispersal, release, escape, migration, or seepage of pollutants on, in, into, or upon land, any structure on land, any watercourse or body of water including groundwater, any structure on water, any conveyance or the atmosphere; or
- The presence of mold matter.



Health effects of pollution



Common Exposures at a Manufacturing/Industrial Site



Why buy pollution? It is “Have to vs. Should”

Forced to:

•Under the 1976 Resource Conservation and recovery Act, **Owners of landfills, Underground storage tanks, Hazardous waste treatment, storage and disposal facilities** must provide financial responsibility assurances to cover remediation and third party damages stemming from a pollution incident.

•Many lenders on real estate deals (acquisition or new development) demand that borrowers secure insurance against site contamination.

•Construction-project owners will insist their contractors carry pollution coverage.

Want to

•An insured recognizes their exposures, wants to protect balance sheet by utilizing insurance. Losses happen, who would pay for the cleanup, legal liability and defense costs?

Environmental Insurance Coverage

The fundamental causes for loss:

1. Tort Liability; based on Negligence, Intentional Acts and Strict Liability.
2. Contractual Obligations; Construction Agreements, Real Estate Leases,
3. Environmental Statutes; A common theme with all of this legislation is the idea that the “polluter should pay” among the most influential federal laws administered by the majority of States sometimes under different names are as follows;

Clean Water Act (CWA), Clean Air Act (CAA), Motor Carrier Act of 1980, Toxic Substance Control Act (TSCA), Resource Conservation and Recovery Act (RCRA) (active sites), Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA or “Superfund”) 1980.

Environmental Insurance Coverage (Cont.)

Basic Types of Environmental Insurance Available:

- 1.Site Specific environmental impairment liability insurance policy.
- 2.Contractor's environmental impairment liability insurance policy.
- 3.Environmental Professional Errors and Omissions Liability insurance policy.
- 4.Asbestos and lead abatement contractor's general liability insurance policy.
- 5.Environmental remediation insurance policy.
- 6.Remediation stop-loss insurance policy.
- 7.Underground and above ground storage tank insurance policy.
- 8.Combined Comprehensive General Liability/Environmental Impairment liability insurance policy.

The general trigger for coverage in an Environmental/Pollution policy is in general the opposite to the exclusions in the General Liability Policy: ***The EIL Policies intend to cover the "Discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminant's or pollutants into or upon land, the atmosphere or any watercourse or body of water".***