



## POLLUTION QUICK GUIDE

### Why Buy Pollution Insurance?

Over the past 40 years, businesses have become more sensitive to their responsibilities to the environment and the communities they serve. Nearly every type of business has at least one environmental liability exposure.

Pollution incidents may be infrequent, but when they do happen, they are often large, expensive, and complicated. Pollution conditions could include a discharge of pollutants or the release of pre-existing pollutants at a location. They can be sudden or occur gradually over time.



### Did You Know?

- Lawsuits involving pollution liability claims are rising due to the increased severity of judgments and penalties for regulatory violations
- The definition of pollutants is broad; large amounts of milk when spilled into a waterway is classified as a pollution incident

### Who Needs Pollution Liability Insurance?

- Property owners and tenants on land with a history of environmental concerns or current environmental exposures, including pollutants during the manufacturing process and underground or above-ground storage tanks
- Contractors performing operations resulting in claims for bodily injury or property damage from the presence or release of pollutants at a project site
- Any companies dealing with hazardous materials or waste, including gas and oil
- Companies in the following industries: manufacturing, hospitality, healthcare, distribution, and transportation

### How Is Sentinel Dedicated to Safeguarding Your Success?

There are no industry standards for the coverages offered in an environmental insurance policy. As a result, the coverages offered between different environmental insurance policies vary greatly. Your Sentinel team will ensure that you get the right coverage for the environmental risks and exposures your company faces today and is likely to face in the future.



## Pollution Liability Claims Scenarios:

### Scenario 1 - Contractor

A contractor installed a new HVAC system in an assisted living facility. Many residents and employees fell ill, prompting an investigation. Tests revealed the system was improperly constructed, allowing mold to grow throughout the facility. Several residents had to be relocated during system repairs. A \$100,000 claim was filed against the contractor and the facility to cover cleanup costs and property damage.

### Scenario 2 - Property Owner

As part of a planned expansion, a commercial property owner hired a paving contractor to build a new asphalt parking lot. The contractor sprayed an oil-based binding layer on crushed aggregate before shutting down for the day. Heavy overnight rains caused the binding layer to run off into the groundwater supply, contaminating residential wells. Total clean-up costs exceeded \$500,000.

### Scenario 3 - Developer

A real estate firm acquired a vacant parcel for the development of a shopping mall. The firm contracted with an environmental consulting company to comply with state environmental due diligence requirements. After investigating, the environmental consulting company told the developer that there were “no recognized environmental concerns” on their site. Development got underway, only for the firm to be notified that the property in question was a brownfields site that was not properly mitigated. Remediation costs exceeded \$250,000.

### Scenario 4 - Hospitality

A hotel guest complained of headaches, muscle aches, and confusion after spending time in the hotel hot tub. Lawyers were able to prove the hotel knew bacteria was present in the water system prior to the victim’s stay. A settlement of over \$1 million was offered.

## Sentinel’s Pollution Resource:



### Cassandra Grace, RPLU, CPLP

Director of Specialty Lines | [cgrace@sentinelra.com](mailto:cgrace@sentinelra.com) | 980.256.7035

With over 20 years of industry experience, Cass leverages her extensive knowledge providing technical support to our clients in addition to program design and implementation of new coverages. She is driven in developing complex risk solutions for a vast variety of risk exposures while demonstrating a “client-first” approach.

### CONTACT US TO LEARN MORE

Questions on your Pollution coverage, rates, claims, or more? Call or email our team today!