

## **Pollution Exposure: Is Your Business Covered in the Event of a Spill into the Environment?**

**USA***Automatic Sprinkler Corporation* asked Don Thompson of **Hylant Insurance Group** to offer some insight into this question. This question became a significant discussion topic at USA*Automatic's* training class held January 13, 2006. This is what Don had to say.

The following is a short checklist to determine if your business has pollution exposure. Consider the following questions?

- Are solvents used in manufacturing?
- Do you use cleaning chemicals?
- Is waste taken to a landfill?
- Does the building have asbestos insulation?
- Is there lead paint on the building?
- Are vehicle gas tanks filled with gas?
- Do you have lead batteries?
- Do you have raw products in drums or tanks?

Next, consider how large is your pollution exposure?

- What is the maximum amount from each item listed above, if any, at one time?
- Do you have an impoundment area capable of holding your product and all the runoff water?
- Are there open sewers on or near your property?
- What is the topography of your site?
- How close is the closest open water or underground aquifer?
- Are you in an industrial park or in a residential area?

### **A possible scenario:**

You have a fire in your building that activates the fire sprinkler system. Water or the foam-water system controls the fire. However, the water discharge carries the pollutant away from the building and into a stream near by. The fire department arrives and supports the activated sprinkler system with fire hoses discharging hundreds of additional gallons of water on the fire. The additional water discharges pollutants to that nearby stream.

Will your insurance pay for the damages? Probably not. Over the last decade the insurance industry has rescinded all coverage out of the standard forms of commercial coverage. The recommended way to protect your exposure to pollution claims, whether through accidental or gradual discharge is with a **pollution policy**. Several insurance companies have specialty units which focus on pollution exposures. Additionally, should you have a claim, they are staffed with professionals that specialize in defense and mitigation of the exposure.

Talk to your insurance agent. It is worth the time to complete the application and obtain a quotation. Your agent will be able to help you understand your exposure to these risks and how to best protect your business from pollution exposure.

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