

# Manufacturing: Pollution Exposures, Coverage Solutions & Available Services

CHUBB



General liability, auto liability and property policies often contain pollution exclusions or provide limited pollution coverage, thereby potentially creating coverage gaps for first-party exposures and third-party claims. A dedicated pollution liability policy can help fill those gaps to assist in protecting a company's financial standing.

## Pollution Exposures

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**Air emissions** from smoke stacks, dust chambers, spray booths, air scrubbers or other air purification equipment can lead to various environmental liabilities including fines and penalties for Clean Air Act violations where acceptable emission standards are exceeded.

- Incident: A manufacturer's air purification system emits smog into the air resulting in respiratory illness for nearby residents. A class action lawsuit ensued
- Exposure: Sums incurred for legal defense expense, bodily injury settlements, catastrophe management, fines and penalties, as well as potential business interruption loss

**By-Products** created from the manufacturing process may require special handling, pretreatment and disposal. Onsite oil water separators and recycling machines to extract contaminants through filtering, skimming and centrifuging may be required.

- Incident: Oil water separator did not adequately remove enough oil for the resulting wastewater to meet regulatory standards before being discharged into surface waters thereby killing aquatic life
- Exposure: Sums incurred for remediation costs and natural resource damages

**Chemicals** such as solvents, lubricants, degreasers, coolants, cutting oils, marking dyes and organic chemicals used in the manufacturing process can pose environmental risk if not properly stored, handled and disposed of.

- Incident: A large quantity of varnish containing volatile organic compounds (VOCs) spills into a floor drain that leads to the municipal sewer line. The municipal wastewater treatment plant is not equipped to treat this volume of VOCs and traces the source back to the manufacturing facility

- Exposure: First-party sums incurred for remediation, along with third-party property damage and remediation costs incurred by the municipality and associated legal defense expense

**Fungi** can grow from an improperly sealed building envelope resulting in indoor air quality issues, remediation, restoration costs as well as business interruption losses.

- Incident: A roof leak results in fungi growth
- Exposure: First-party sums incurred for remediation and restoration costs

**Non-Owned Disposal Sites** can pose environmental risk to waste generators, even when waste transportation and disposal is subcontracted to third parties. CERCLA liability holds hazardous waste generators liable regardless of subcontracted transportation and disposal. As a result, generators may be liable to contribute towards claims against non-owned disposal sites.

- Incident: Contracted company disposes hazardous waste into a landfill that is properly permitted and licensed to accept such waste and is not on the National Priorities List (NPL). Over time, contaminants leach into the soil and groundwater. The owner/operator of the facility has financial responsibility insurance, but it is not enough to cover remediation costs. The United States EPA issues an order to all generators of hazardous waste that disposed of their waste at the landfill over the past 10 years to be liable for the additional costs
- Exposure: Liability incurred for remediation, long term groundwater monitoring and legal defense expense

**Storage Tanks** on site may include collection tanks, holding tanks, bladder pressure tanks or standard tanks used to store bulk product and fuels. These tanks can corrode and leak over time or even explode depending on the tank type and its contents. Spills can occur due to tank malfunctions or during the loading or unloading of the tank contents.

- Incident: An aboveground storage tank ruptured during a hurricane, spilling bulk chemicals which migrated onto a nearby property
- Exposure: First-party sums incurred for remediation, third-party property damage and legal defense expense

**Transportation** of materials, products, goods, or waste pose the risk of spills during loading, unloading or as a result of roadway, rail, aircraft or waterway accident.

- Incident: Vehicle accident causes gasoline to spill on the roadway
- Exposure: 1st party sums incurred for emergency response costs and remediation

## Coverage Solutions

### Premises Pollution Liability Policy

Offers pollution coverage for owners, operators and lessees of industrial, warehousing and distribution facilities. Coverage can be structured to provide first-party and/or third-party coverages for new and/or pre-existing pollution exposures, fungi, legionella, emergency response, catastrophe management, business interruption, non-owned disposal sites, transportation, illicit abandonment and off-site operational pollution liability.

- Limits up to \$25m
- 3-year term
- Minimum Premium: \$10,000

### TankSafe®

- Fully-automated internet-based system for underground and aboveground storage tank insurance
- Certificates of financial responsibility are available, if required
- Limits: from \$500,000 per/\$1m agg to \$5m per/\$5m agg
- Term: 1 year
- Minimum Premium: \$350

## Additional Services Available

**Environmental Incident Alert<sup>SM</sup>:** Complimentary technology program developed to assist clients find and dispatch qualified incident response contractors, monitor cleanup costs and mitigate potential liability associated with environmental releases. This platform helps achieve business continuity by minimizing disruption so clients can focus on returning to normal operations. Accessible 24/7 via phone, web or mobile device. For more information visit [www.chubbeia.net](http://www.chubbeia.net)

**Risk Engineering:** For Chubb's environmental insurance clients, we offer a variety of additional services to assist the Insured in proactively managing their risk associated with environmental liability. Common offerings include: asbestos and lead-based paint operations & maintenance plan development, waste disposal practices, Spill, Prevention, Control and Countermeasure (SPCC) plan development, legionella awareness training, and mold management plan development.

For more information regarding our products and capabilities, please visit: [www2.chubb.com/us-en/business-insurance/Environmental.aspx](http://www2.chubb.com/us-en/business-insurance/Environmental.aspx).

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