



INFORMATION ON ENVIROMENTAL IMPAIRMENT LIABILITY:

If Your Association is faced with a Pollution Claim, is there Coverage?

In response to a dramatic increase in pollution claims, many insurance companies have completely removed pollution coverage from their policies. Environmental Impairment Liability provides protection against the following risks of financial loss:

- Bodily injury caused by pollution conditions;
- Property damage, including damage to tangible property, the loss of use of such property that has not been physically injured or destroyed, and the diminished market value of a third party's property;
- Remediation expenses, including investigating the extent and nature of the pollutant, monitoring, removing and disposing of the pollutant; and
- Defense costs incurred in the investigation, adjustment settlement and defense of a claim.

You may not Believe an Association has an Exposure to Pollution Liability Claims. Consider these Claims Situations:

- While excavating to make pipe repairs, a previously unknown underground storage tank is discovered. Investigation reveals that the oil leaking from this tank has contaminated the soil and groundwater onsite and has migrated to a neighboring community. The preliminary studies to determine the extent of contamination cost over \$30,000. The clean up cost exceeds \$175,000.
- An association routinely applies phosphorous rich fertilizer to the community's lawns. During a heavy rain, the phosphorous is washed into a pond on a neighboring property. This overdose of phosphorous nutrients in the pond causes an algae bloom and severely harms aquatic life. Property damage and clean up costs exceed \$55,000.
- In one community, high levels of lead are found during routine blood tests in children. Investigation of the matter reveals that these children have all regularly participated in activities in the community playroom. Tests showed the presence of lead based paint in the community recreation building. Lawsuits for bodily injury are filed against the association. Settlements with the claimants will exceed \$2,000,000.

Environmental Impairment Liability protection is on a Claims Made Policy Form. There are only a few carriers providing this coverage and unlike most of them, coverage for prior acts, providing, of course, you had no knowledge of the pollutants when coverage is an essential part of this coverage..