

Claims Examples

Environmental Cleanup and Liability Insurance for Storage Tanks

1. Fuel Release During Delivery

The insured operated a retail gas and confectionary outlet. During a fuel delivery to the insured's underground tank, the fuel supply hose disconnected from the tank receptacle, while under pressure, because the fuel supplier failed to properly clamp the hose before pumping. The hose whipped about spraying fuel against the insured's building up into the soffit, and down onto and under a wooden deck. The cleanup costs were minimal and ENCON incurred \$2,500 in defence costs.

2. Multiple Areas of Contamination Lead to Limit Loss

The insured gas station owner reported a claim when gas was discovered bubbling up through the concrete pad of the fuel dispensers. Upon confirmation of the release from the insured, excavation and remediation commenced. It was quickly determined that the system had been leaking in several areas and the contamination was extensive. The cost to clean up the contamination was in excess of the insured's policy limit of \$1,000,000. A total of over \$16,000 in defence costs was incurred by ENCON to resolve this matter.

3. Gas Station Operator – Failed Joint in Underground Fuel Line

The insured owned and operated a busy gas station offering several types of fuel products in a fairly remote area near a large water body. The insured had regular pressure testing performed on the fuel systems and maintained inventory records showing purchases and sales of fuel. Inventory records showed a slight increase in shrinkage over the same time period. The insured arranged and paid for a pressure test that revealed that one of the three scheduled underground tank supply lines was leaking at a connection. Excavation revealed an area of fuel saturation directly below a joint in the line between the tank and the pump. A soil analysis and subsequent excavation revealed that the fuel had migrated down and pooled below the tank itself. Control wells were drilled to collect fuel and prevent further migration, and then sent to a re-processing facility. Contaminated soil was disposed at an approved contaminated waste facility. The policy paid \$115,000 for the investigation and environmental technical experts' costs to test, assess, co-ordinate with environmental civil authorities and oversee the remediation. The cleanup costs paid under the policy was \$220,000. Total cost of the claim was \$335,000.

4. Third-party Property Contamination

During the course of a routine inspection, an oil spill was detected coming from a scheduled oil tank. The release of oil, caused by overfilling the tank, flowed to a neighbouring property and resulted in further contamination. ENCON's Environmental Cleanup and Liability Insurance for Storage Tanks policy covered the \$212,000 in cleanup costs, as it provides coverage for third party liability and cleanup costs as a result of oil release from a scheduled tank, including overfilling.

5. Service Station Operator – Leaking Storage Tank

A property owner complained of gasoline odours emanating from a storm sewer leading from an adjacent service station. The service station had numerous underground storage tanks that contained various grades of gasoline. An investigation of the service station's leak detection records indicated that one of the tanks was leaking and that several hundred litres of gasoline were missing. Further investigation revealed that the gasoline had not only contaminated the service station's site but had also migrated onto neighbouring property and drinking water wells via the storm sewer. Extensive cleanup of the service station site as well as mitigating third party property damage could result in significant costs.

If the service station operator had been insured under an ENCON Environmental Cleanup and Liability Insurance for Storage Tanks policy, there would have been coverage for site cleanup and the third party damages, subject to the policy terms, conditions and exclusions, and subject to the specific circumstances of each claim.

6. Service Station Operator – Improper Dispensing of Fuel

At a self-service gas station, a customer filled up his vehicle then drove away with the nozzle of the pump still connected to the vehicle's gas tank. The automatic shut-off valve malfunctioned, causing several hundred gallons of gasoline to be spilled on the service station apron. The spill was contained to the service station property but required significant cost to clean up the site.

If the service station operator had been insured under an ENCON Environmental Cleanup and Liability Insurance for Storage Tanks policy, there would have been coverage for the insured's site cleanup, subject to the policy terms, conditions and exclusions, and subject to the specific circumstances of each claim.

7. Fuel Distributor – Fuel Spill Causes Damages

A spill of 3,300 litres of diesel fuel occurred at a tank farm during transfer operations. The delivery pumping pressure and the failure of the delivery personnel to open the required above ground storage tank valves impacted the tank by raising it above its base pressure allowance, causing the fuel within the tank to be sprayed over the nearby fuel service centre building and other property. The fuel spilled within the clay subsurface bermed area surrounding the storage tanks and significant cleanup costs were required.

If the owner of the tank farm had been insured under an ENCON Environmental Cleanup and Liability Insurance for Storage Tanks policy, there would have been coverage for the

insured's site cleanup, subject to the policy terms, conditions and exclusions, and subject to the specific circumstances of each claim.

8. Greenhouse Operator – Heating Fuel Spill

A heating fuel spill from an exterior above ground storage tank occurred at a greenhouse facility, releasing approximately 4,000 litres of heating fuel into the environment, impacting the surface and subsurface soils, bedrock and groundwater. The cause of the release was as a result of ice falling from an adjacent roof onto and breaking the fuel supply line between the storage tank and boilers. The heating fuel migrated below several buildings on the property, entered multiple drainage lines located around the buildings and discharged into a down-gradient forested area. The spill contaminated an on-site septic tank and a shallow water supply well. Remedial work involved the excavation of impacted soils, underpinning of buildings for excavation and operation of a groundwater pump and treat system, incurring significant costs.

If the greenhouse operator had been insured under an ENCON Environmental Cleanup and Liability Insurance for Storage Tanks policy, there would have been coverage for the insured's site cleanup and the third party damages, subject to the policy terms, conditions and exclusions, and subject to the specific circumstances of each claim.

9. Pesticide Application Contractor – Leaking Underground Storage Tank

A pesticide application contractor discovered a leak in an underground storage tank containing pesticide. The pesticide contaminated soil and groundwater of the contractor's property as well as the neighbouring third party property. There were significant costs to clean up the site and decontaminate the soil and groundwater.

If the pesticide application contractor had been insured under an ENCON Environmental Cleanup and Liability Insurance for Storage Tanks policy, there would have been coverage for the insured's site cleanup and the third party damages, subject to the policy terms, conditions and exclusions, and subject to the specific circumstances of each claim.

These Claims Examples are for illustrative purposes only. Please remember that only the insurance policy can give actual terms, coverage, amounts, conditions, and exclusions.