

AGRICULTURAL PREMISES ENVIRONMENTAL LIABILITIES

Owners and operators of agricultural facilities have insurance needs due to their inherent environmental liabilities. However, pollution provisions are most often excluded under their general liability or property policy coverages.

PHLY Environmental provides the following coverage solutions...

Premises Environmental Coverage (PEC) policies consider agricultural risks that...

- Uses hazardous and non-hazardous raw materials, fuels, lubricants among other materials in support of operations
- Carries air permits, stormwater permits, manure management plans, or risk management plans
- Has onsite storage of agronomy chemicals within storage tanks, totes or drums
- Operates wastewater lagoons with associated underground / aboveground piping
- Has odors affiliated with animal confinement, production, finishing, or rendering operations
- Loads, transports and unloads, their product or goods via truck, rail, or watercraft
- Conducts fueling of fleet vehicles

PEC policies can cover risks in the following industries:

- Concentrated animal feed operations (CAFO)
- Agricultural cooperatives and agricultural product distribution
- General Farms: crop production, nurseries, orchards, vineyards, etc.
- Ethanol production and distribution
- Food and beverage production and distribution
- Regenerative cropping and regenerative livestock (Emerging Sustainability Operations)

Product Specifics:

- Limits: Up to \$15M per occurrence / \$15M aggregate
- Minimum Premium: \$3,000
- Policy Term: up to 3-year term available

Coverage can include:

- Remediation expenses for contamination on, at, under, migrating from or through the insured's location or third-party project site
- Third-party bodily injury or property damage claims resulting from contamination
- Natural resource damage (i.e. damage to wildlife)
- Remediation at a waste disposal facility to which the insured shipped its waste generated at a location or through contracting operations
- Expenses associated with claims arising out of contamination during transportation of materials or waste from the insured's location
- Business Interruption Expenses from remediation of contamination at the insured's location
- Associated defense expenses

Claim Scenario: \$350,000 remediation expenses

Employee watching a transload operation left the control center to get a coffee (despite protocol dictating that all loading / unloading be supervised at all times). A railcar overflowed and ethanol ran outside of the spill pans beneath the tracks. \$350,000 incurred for remediation of soils and sediment under regulatory authority guidance.

Claim Scenario: \$900,000 Remediation and Property Damage

A wastewater lagoon was damaged during a storm releasing material to a county drainage ditch that impacted a river, wetlands and wildlife. Losses included remediation expenses for emergency response on the river and natural resource damages (property damage) was incurred for loss of biodiversity and wild life in damaged wetlands.



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AGRICULTURAL - CONTRACTOR ENVIRONMENTAL COVERAGE

PHLY Environmental provides the following coverage solutions...

Contractor Environmental Coverage (CEC)

Agricultural classes of business have a potential exposure under Contractor Environmental Coverage policies. When visiting a client site contractors may unknowingly cause or exacerbate contaminants leading to a contamination event requiring remedial activities.

CEC Exposures:

- Fumes from sealants, adhesives, and lubricants used in the installation may lead to a pollution condition
- Operation & Maintenance error leading to release
- Damage of third-party property due installation caused release
- Over application of fertilizers, herbicides, pesticides, or manure leading to third-party property damage or bodily injury

What can a CEC policy cover:

- CEC provides environmental liability coverage for contracting operations performed by the insured or on their behalf, transportation of waste or materials to and from a project site or yards, disposal and recycling of waste or materials from their jobs sites or yards, and their owned or leased locations.

CEC Product Specifics:

- Minimum Premium: \$3,000
- Limits: \$15M per occurrence/\$15M aggregate
- Policy Terms: up to a three-year term available for practice policies; up to five-year term available for project policies

Claim Scenario:

A contractor was hired to capture biogas emissions from a wastewater lagoon at a concentrated animal feed operation. During process piping installation, faulty installation of a brace lead to piping collapse that punctured the lagoon sidewall releasing wastewater. Wastewater flowed to neighboring farms damaging crops prior to emergency responders containing the release. Remediation costs (emergency response) and damage to neighbor property resulted in a \$650,000 loss.

Claim Scenario:

A contractor was hired to upgrade the refrigeration system at a slaughterhouse. An ammonia leak was caused by the failure of a valve in the system. Seventeen neighbors were hospitalized, and business operations were interrupted from the shutdown of the facility. The contractor incurred \$1.75M in third party bodily injury, property damage and defense costs.



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