



## Storage Tank Liability



**Storage Tank Liability provides coverage for cleanup costs at a tank owner's facility due to releases from scheduled tanks on the policy. Coverage is also provided for third party bodily injury and property damage claims emanating from scheduled tanks on the policy. Policies are written on a claims made basis.**

### Why is Storage Tank Liability important?

Owners and operators of Underground Storage Tank (UST) or Aboveground Storage Tank (AST) systems purchase environmental insurance for a number of reasons: to comply with lease/landlord requirements, because clients/suppliers require it, to act as a prudent risk management measure, and to comply with federal or state financial responsibility requirements. Financial responsibility requirements mean that owners and operators of storage tanks must show that they have the financial resources to clean up the site where their storage tank is located if a release occurs. This includes proof that they have the funds to correct environmental damage and compensate third parties for injury to their properties or themselves.

### Who buys it?

- Gas stations
- Auto dealerships
- Convenience stores with fuel
- Equipment yards
- Car washes
- Rental car facilities
- Hospitality
- Shopping centers
- Office buildings

### Questions about Tank coverage?

#### Contact Beacon Hill Associates:

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### Coverage details:

Insurers often have the ability to schedule dedicated limits per location when required. Policy terms are available from 1 to 3 years. Some common available features include:

- Loading/unloading coverage
- Coverage for theft and vandalism
- Automatic and/or Optional Extended Reporting Periods
- Separate Defense limits and Defense outside the limits
- First Party Business Interruption coverage
- Storage Tank Repair
- May include Punitive Damages coverage, where allowable by law
- Special Dealer Repair options for auto dealerships (with additional Premises Pollution coverage)
- When required, these policies can be designed to meet Federal and State Financial responsibility requirements.

### Advantages include:

- Environmental insurance policies typically provide coverage for defense in the event of claims against owner/operators, while state funds generally do not.
- Environmental policies are "pay on behalf" policies, where most state funds are "reimbursement" mechanisms.
- Environmental policies provide coverage for third party bodily injury and property damage losses. Most state funds do not provide any coverage for those exposures until the clean up of the site is complete.
- Self-insurance and letters of credit require that a certain amount of money be kept aside in order to be used to respond to environmental incidents. Environmental insurance allows entities to release these funds in order to use them for other company activities.