



Environmental Insurance: *“The Forgotten Policy”*



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Whether you work with coops, condominiums apartments or commercial real estate, you are faced with the inevitable fact that you must maintain insurance. We all know of the standard “meat and potatoes” types of policies such as Property, Liability, Umbrella, Boiler & Machinery, Crime Coverage and, of course, Directors & Officers Liability for coops and condominiums. However, traditional insurance often provides little or no coverage for potential costly claims caused by pollutants such as mold, asbestos, lead paint or oil leaks. You will have to venture into the area of specialty coverage if you want to protect your financial interests.

If your building was built prior to 1978 when the lead paint laws were changed, or if your building has an oil tank, you really need to think about obtaining an environmental policy. Environmental Insurance will pay for third party liability lawsuits for bodily injury or property damage as a result of a pollutant. In addition, an environmental policy will pay for the clean-up costs associated with a spill from a covered oil tank. These types of claims can easily add up to hundreds of thousands of dollars in no time.

Depending on a number of factors, such as square footage of the building and age of the tanks, the coverage can be relatively inexpensive and easily affordable. The benefits of obtaining an affordable policy far outweigh the financial strain that a building will face if a claim is not covered under the traditional insurance.

The questions that must be asked are **what are your building’s pollutant or environmental exposures**, and **can you afford not the take out coverage?** Imagine if you will, a 10,000 gallon underground oil tank leaking. If the spill is large enough it could contaminate adjoining properties. The cost of remediating your own property would be substantial, but now add in the defense costs when the neighboring property sues for contamination of their property. Can your building survive a \$500,000 loss that is not covered by your current insurance? At the very least this is a conversation that you should be having with your broker.