

ENVIRONMENTAL INSURANCE AND EDUCATION FACILITIES

Colleges and universities are far more than classrooms, and the modern classroom is no longer home to just blackboard, desks and chalk dust. Today's average campus comprises everything from traditional classrooms and dormitories to state-of-the-art medical buildings and laboratories and functions as a self-contained community, often boasting a student body equivalent to the population of a small town. As colleges and universities become more diverse and complex, so do the pollution exposures they face.

What can be done to limit environmental exposures? The answer: a comprehensive environmental risk management plan and risk financing strategy. First, however, schools and education institutions must understand their exposures.

KEY EXPOSURES AT COLLEGES AND UNIVERSITIES

In addition to classrooms, colleges and universities operate such facilities as:

- Laboratories
- Medical facilities and hospitals
- Printing centers
- Water treatment plants
- Building maintenance and engineering operations

- Machine and trade shops
- Manufacturing operations
- Power generation
- Incinerators
- Agricultural and farm operations
- Athletic centers
- Motor vehicle fleet services

AN EXPENSIVE EXAMPLE: BURST DORMITORY WATER PIPE

During the normal holiday break between winter and spring semesters, a water pipe burst in a large dormitory, flooding the first floor. The building maintenance personnel handled the flooding and repair of the pipe and all was operational for the students' return to classes in the spring...or so they believed. Three months later students in the building began complaining of nausea and dizziness. An inspection revealed that mold had proliferated behind the walls and in all the drywall of the previously flooded area. The resulting mold remediation, medical monitoring, relocation and cleanup costs were uninsured.

Many operations require the storage, handling and disposal of hazardous and non-hazardous materials and chemicals. Maintaining compliance with Environmental Protection Agency (EPA) regulations for the storage and disposal of these substances can be difficult. Among claims made against colleges and universities, many will be due to:

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- Leakages and spillages from bulk storage facilities, such as underground fuel storage tanks (USTs)
- Improper use, storage and/or disposal of hazardous wastes, such as chlorine, ethylene, low level radioactive isotopes, cleaning solvents, infectious wastes and gasoline
- Discovery of old buried wastes not properly managed in the past
- Gifted property that contains undisclosed or undiscovered contamination
- Discoveries of historical contamination during construction of new facilities
- The inadvertent release of harmful substances (e.g., lead, asbestos or Polychlorinated Biphenyls (PCBs)) during building renovations
- Improper release of untreated waste water into public waterways
- Mold, legionella and other indoor air quality exposures

The consequences can include:

- **DIRECT LOSSES** Legal defense costs add up quickly; so can unexpected cleanup expenses and damage payments to third parties.
- **INDIRECT LOSSES** Pollution events can trigger a variety of consequential losses; for example, contamination can render facilities unusable, causing business interruption losses, loss in rental income and costs associated with relocation.
- **PROPERTY DEVALUATION** Environmental liabilities can dramatically impact the overall value of large asset holdings or the transferability of individual assets.

Environmental insurance policies are readily available to address the varied pollution risk exposures faced by education institutions. As General Liability and Property policies typically exclude most pollution exposures, Environmental policies are designed to fill in that gap. Environmental policies specifically designed for colleges and universities include coverage for:

- All primary and ancillary facilities
- On- and off-site cleanup of new and pre-existing pollution conditions
- Business interruption resulting from pollution conditions
- Both gradual and sudden and accidental pollution releases
- Third-party claims for bodily injury, property damage and cleanup costs
- Defense of third-party claims
- Transportation and disposal pollution exposures
- Mold and legionella exposures
- Contracting exposures

AN EXPENSIVE EXAMPLE: LABORATORY EXPERIMENT GONE WRONG

Mistakes in a routine experiment resulting in a toxic gas release forced the evacuation of the undergraduate chemistry laboratories of a major university. Fortunately no students were injured; however, the building remained closed during the ensuing cleanup activities. The university incurred substantial losses in relocation of classes to temporary laboratory facilities, post-release cleanup, as well as costs of investigation and post-incident medical monitoring of the exposed students and staff.

Policies are more flexible than ever. Blanket coverage for transportation and disposal site contingent pollution liability, and coverage for non-scheduled locations and pollution consequences of terrorist acts related to nuclear, biological, chemical or radiological agents have become readily available in the marketplace. An experienced environmental broker can also obtain coverage enhancements tailored to the history, operational risks and liability concerns of individual higher education institutions, as well as help to address the contracting exposures at your facilities.

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