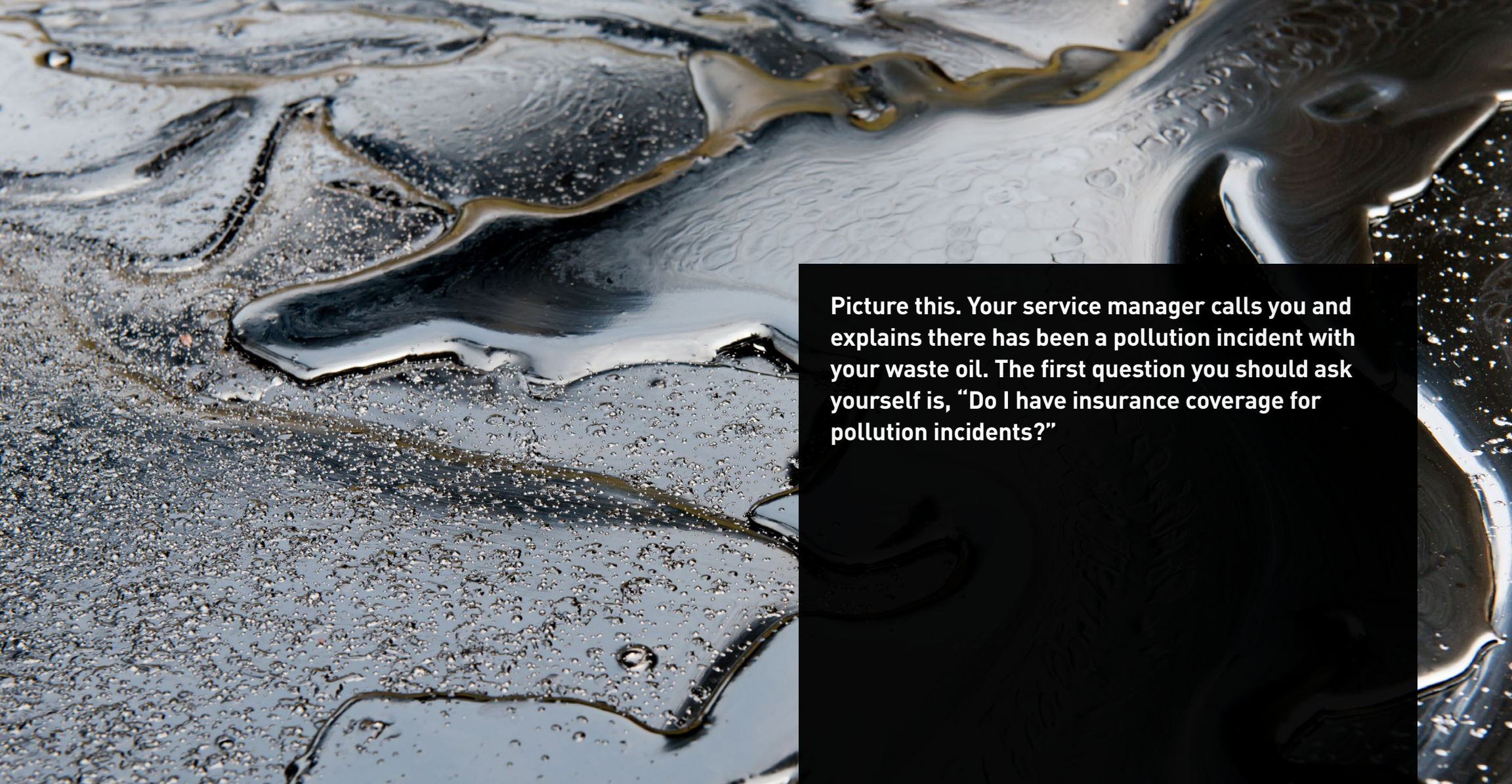




# **Auto dealership pollution exposures.**

**Does your business have insurance coverage for these complex hazards?**





**Picture this. Your service manager calls you and explains there has been a pollution incident with your waste oil. The first question you should ask yourself is, “Do I have insurance coverage for pollution incidents?”**

# Know your exposures.

Every auto dealership has pollution exposures, but many dealerships don't have insurance coverage for these complex hazards, or existing coverage may be inadequate. Some companies that have a third party requirement through a financial institution, or a property owner, can be required to buy environmental cleanup and liability insurance; however, for most dealerships, the decision to purchase insurance is voluntary. As a result, this coverage can be overlooked by insurance brokers because they may not be aware of dealership pollution exposures or they don't have access to insurance markets that can provide cost effective coverage.

It is important to note that purchasing a separate environmental cleanup and liability insurance policy is advantageous as many garage liability carriers have standard pollution exclusions. In addition, depending on the complexity of your dealership's pollution exposures and hazards, you may need to consider purchasing insurance coverages and policies to address your company's specific needs.



## Determining the reasons for environmental insurance

When it comes to determining the reasons why you should have environmental cleanup and liability coverage, consider the following common auto dealership pollution exposures:

- Solvents
- Caustics
- Cleaning agents
- Collision repair and painting operations
- Petroleum products

Consider also the potential negative impacts to your company in the event of a pollution incident:

- Cleanup costs of contaminated property
- Damage to a third party
- Fines and penalties for damage to the environment
- Crisis management expenses for adverse public reactions

Lastly, gain a better understanding of environmental law in Canada and what this could mean for you.





## Environmental law in Canada

The subject of environmental regulation and environmental law in Canada is interesting. The polluter-pay principle is firmly entrenched in environmental law in Canada by assigning companies that pollute the responsibility for remedying contamination for which they are responsible.<sup>1</sup> Environmental law emanates from federal, provincial, territorial or local laws, including statutes, rules, regulations, ordinances, and governmental, judicial or administrative orders and directives that are applicable to pollution incidents. There is also strict joint and several liability in regards to pollution incidents which means, regardless of who was negligent, you and your company can be brought into the lawsuit to defend and remediate the pollution incident.

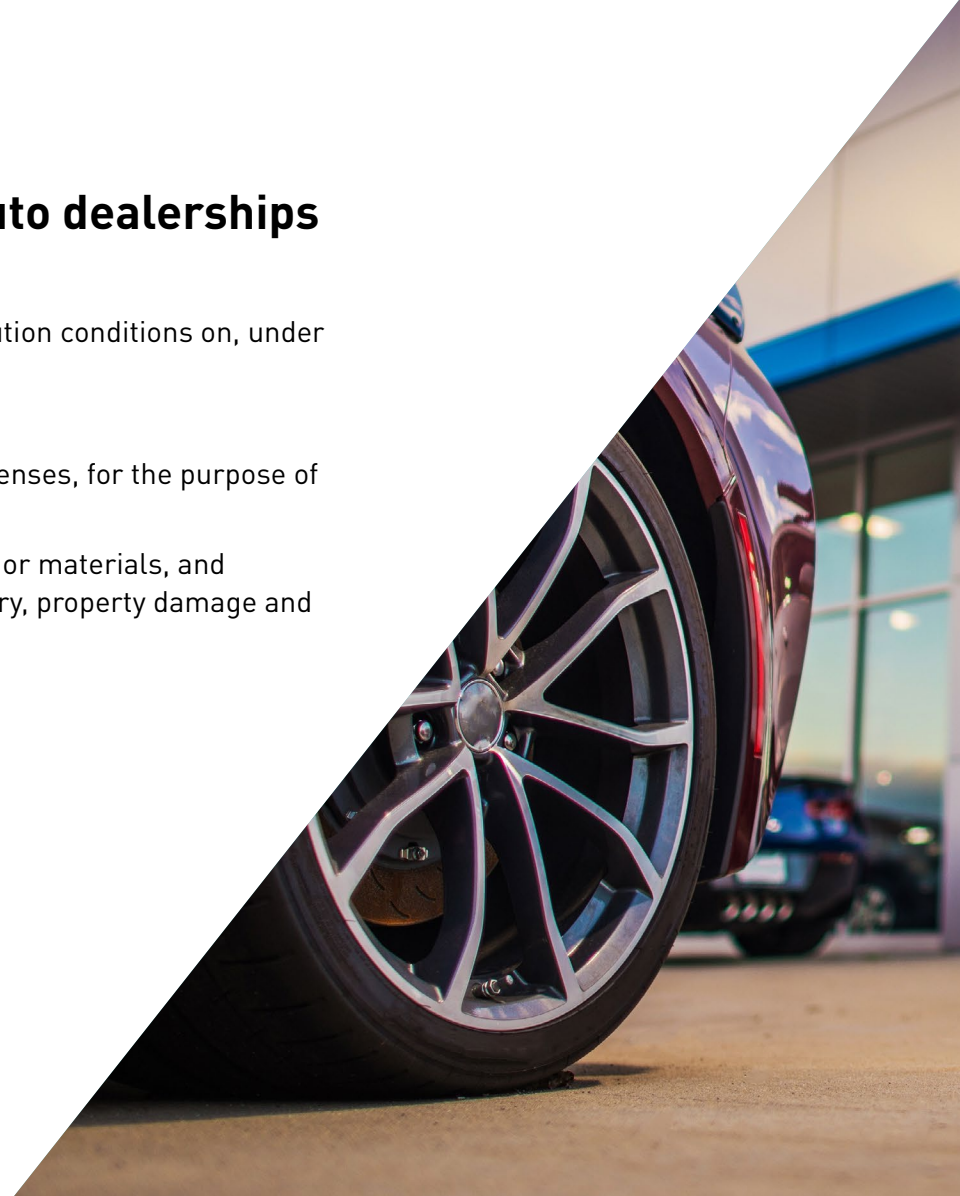
<sup>1</sup>Paul Granda, Gowling Lafleur Henderson LLP, "[Overview of Canadian environmental law: A potential for liability and insurance coverage issues](#)," 2021, Victor Insurance Managers Inc.

## Tips on basic environmental insurance coverages for auto dealerships

At a minimum, every auto dealership should have the following basic coverages:

- **Third party liability** — Bodily injury, property damage or cleanup costs resulting from pollution conditions on, under or emanating from your covered location.
- **Cleanup costs** — Pollution conditions on or under your covered location.
- **Emergency remediation costs** — Reasonable and necessary expenses, including legal expenses, for the purpose of limiting the damage resulting from a pollution condition.
- **Incidental transit** — Transportation coverage for automobiles that pick up waste, products or materials, and transport them to or from your covered location, to protect your dealership from bodily injury, property damage and cleanup costs.

Note: In some instances, if you have underground tanks, you may need specialized coverage.







Visit us at [victorinsurance.ca/environmental](https://victorinsurance.ca/environmental).

## Next steps

A pollution incident can have negative results. The incident itself can bring about negative publicity and be damaging to your auto dealership's reputation. It can also prove to be a time-consuming and costly undertaking in having to deal with the impact and remediation of such an incident. That's where environmental cleanup and liability coverage can help protect your business.

- Consider environmental insurance as part of your dealership's risk management program.
- Speak with your insurance broker about the environmental insurance coverages available.
- Review your current insurance coverage(s) to make sure your pollution exposures are addressed.
- Learn more about [Victor's Environmental & Pollution Liability](#) insurance offerings.

This document is for illustrative purposes only and is not a contract. It is intended to provide a general overview of the program described. Please remember only the insurance policy can give actual terms, coverage, amounts, conditions and exclusions. Program availability and coverage are subject to individual underwriting criteria.