

Wrong place, wrong time!

Be ready when life happens. These lithium-ion battery situations illustrate the variety of environmental exposures that could affect your customers!



Battery Energy Storage System (BESS) Fire – Environmental Contamination

A significant fire erupted at a large lithium-ion battery energy storage system (BESS) facility, leading to serious environmental consequences. Firefighting efforts required thousands of gallons of water, which subsequently became contaminated with heavy metals such as cobalt and nickel, along with toxic gases and combustion by-products. This incident resulted in an environmental impairment liability claim, covering soil and groundwater contamination, airborne pollutants, and potential third-party property damage. From an insurance standpoint, standard property and public liability policies typically excluded pollution caused by fire run-off, highlighting the need for specialized environmental insurance coverage.



Warehouse Fire – Lithium-Ion Battery Explosion

A warehouse storing lithium-ion batteries caught fire due to thermal runaway, causing extensive property damage and the release of toxic smoke. The incident posed risks not only to the facility but also to nearby third parties. Claims arising from this event included property damage, bodily injury, and environmental liability due to hazardous waste and air pollution. Insurance providers faced challenges in covering such events, often imposing exclusions or requiring specific endorsements for battery-related risks. These risks included fire and explosion hazards, transportation and storage vulnerabilities, and environmental contamination from improper disposal practices.

Lithium-Ion Batteries

Claims Scenarios



Environmental Main Office

397 Eagleview Blvd., Ste. 100

Exton, PA 19341

888-828-4320

GALG.com/Environmental





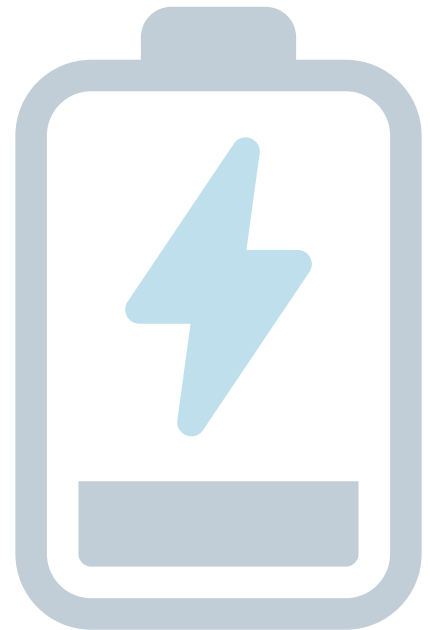
Electric Vehicle (EV) Battery Fires – Product Liability and Environmental Claims

Multiple lawsuits have emerged involving electric vehicles, where lithium-ion batteries ignited unexpectedly. These incidents led to a range of claims, including bodily injuries from burns and toxic fume inhalation, property damage from fires spreading to garages or homes, and environmental harm due to the release of hazardous substances during combustion. The legal basis for these claims often involved allegations of defective design, manufacturing flaws, and failure to provide adequate warnings. Insurance coverage was triggered under product liability and environmental impairment policies, particularly in cases involving third-party harm and pollution.



EV Battery Explosion – Personal Injury and Property Loss

Following a charging session, a lithium-ion battery in an electric vehicle exploded, resulting in a devastating house fire. The explosion caused severe burn injuries to the vehicle owner and led to the total loss of the garage and adjacent rooms. The resulting claims encompassed personal injury, property damage, and environmental cleanup. Insurance considerations included coverage under environmental policies, which addressed the cleanup of toxic residues and structural remediation efforts necessary to restore the affected property.



Great American
Insurance Company

115+
years
with an **A** or better
rating by
AM Best

Corporate Headquarters

301 E. Fourth Street
Cincinnati, OH 45202

For agent/broker distribution only. The above claim scenarios are provided to illustrate the variety of potential environmental exposures faced by your clients. The facts of any situation which may actually arise and the terms, conditions, exclusions and limitations in any policy in effect at that time are unique. Thus no representation is made that any specific insurance coverage applies to the above claim scenarios. Coverage description is summarized. Refer to the actual policy for a full description of applicable terms, conditions, limits and exclusions. Policies are underwritten by Great American Insurance Company, an authorized insurer in all 50 states and the DC and Great American E&S Insurance Company, an OH domiciled surplus lines insurer eligible to underwrite surplus lines insurance in all 50 states and the DC. This is not intended as a solicitation or offer to sell an insurance product in a jurisdiction in which the solicitation, offer, sale or purchase thereof would be unlawful. © 2025 Great American Insurance Company, 301 E. Fourth St., Cincinnati, OH 45202. All rights reserved. 4190-ENV (09/25)


GREATAMERICAN
INSURANCE GROUP
Environmental