



Environmental Insurance Protection for Agricultural Businesses: What You Need to Know

Great American Insurance Group, Environmental Division



Does environmental insurance fit your client's agricultural risks? Let us help you better understand the complexities of environmental liability pertaining to agriculture operations and how your clients can obtain policy protection against them by answering the following frequently asked questions!

1. Why is environmental protection important for agricultural clients?

Environmental insurance is a specialized coverage for losses incurred as result of a discovery, third-party allegations, or regulatory actions arising from a pollution release at or migrating to an insured property, or because of contracting services performed for a third-party.

Typical coverage addresses:

- ✓ Bodily injury
- ✓ Property damage
- ✓ Clean-up costs
- ✓ Defense costs

Coverage enhancements include liabilities resulting from non-owned disposal sites, transportation, contingent business interruption and first-party diminution of property value.

Within essentially every industry, you will find some degree of environmental pollution exposure, and the agriculture industry is no exception.

Agricultural operations play a major role in today's pollution concerns. Farm and agriculture operations often discharge large quantities of agrochemicals, organic matter, drug residues, sediments and saline drainage, which could potentially impact nearby bodies of water and threaten aquatic ecosystems, human health and reproductive activities. From chemical overspray to leaking aboveground storage tank, your agricultural clients may not recognize the environmental pollution exposure lurking in their operations and the costly consequences they may have on their business.

2. In addition to obtaining farm insurance, why is environmental protection important for agricultural clients?

These days, rapid changes in the industry are raising the stakes. Advanced technologies and emerging environmental pollution concerns are pushing farming and ranching in new directions. When an environmental pollution incident strikes, agribusiness owners that look to their farm policies for protection may end up asking "Why wasn't this certain pollutant covered? Didn't I have insurance?"

While some insurance policies offer protection for certain types of pollution-related events, many exclude pollution liability coverages. Such policies leave your agriculture clients to fend for themselves and attempt to adhere to the complex environmental regulations and requirements set forth by the government.

So, in addition to obtaining farm insurance, why is environmental protection important for agricultural clients?

Environmental insurance fills the coverage gaps and supplements agriculture coverage by providing your clients with the proper protection. Many Farm policies will limit or exclude pollution coverage to losses at your client's owned farm locations and only provide 3rd party off-site protection limited only to a sudden and abrupt release or escape of governmentally approved "agricultural chemicals, liquids or gases" which take place within a period no greater than seventy-two (72) hours. A standalone environmental policy from Great American can offer both on and off-site clean-up coverage on a gradual basis (not limited to sudden and abrupt releases) and transportation coverage (including mobile equipment) and includes a broader definition of pollutants which encompasses more than the limited "agricultural chemicals, liquids or gases" covered by a farm policy.

3. Which of Great American Environmental insurance coverages is most appropriate for agricultural operations?

Great American Environmental offers [Premises Environmental Liability](#) (PRE) protection that is uniquely designed to fill coverage gaps in policies that exclude pollution associated with typical agricultural operations. The experts at Great American Environmental take your clients' portfolios to the next level by offering specialized coverage that can protect against complicated and often costly agricultural pollution risks.

For more information regarding our Premises Environmental Liability (PRE) coverage highlights and product details, feel free to access the resources below or visit our website.

- [PRE Fact Sheet](#)
- [PRE Video](#)
- [Environmental Agribusiness Handout](#)
- [Insider Insight: Product Offerings for Agricultural Clients](#)
- [Agricultural Pollution Prevention Resources](#)
- [EPA Agriculture](#)

Interested in learning more about our other product offerings? Access our revamped Product Summary guide [here!](#)

4. Where do pollution conditions arise on agricultural operations?

- Consider a local farm which operates a cooperative (co-op) on site to store perishable products and to supply inputs for production, including fertilizers, fuel and machinery services. The farm operation used a nearby railway to transfer products and other resources to local vendors. While loading the bulk freight onto the rail, the tanker, which contained dairy substance, overturned and the liquid was released into the surrounding soil.
- As another example, a producer of soybeans sustained a large ammonia release when the piping on their aboveground storage tank failed. The release caused approximately 5,000 lbs. of liquid ammonia and additional vapor. As a result, clean-up costs were incurred and a number of residents within a neighboring facility complained of respiratory issues.
- Also consider, a farmer was sued by a nearby residential development alleging that the fumes from the spread of manure and other herbicides and pesticides caused several tenants to suffer migraine headaches and other related health problems.

For additional examples of real life situations that could easily affect your clients, visit our [Claims Scenario Library](#) and explore our [Agriculture Riskopolis!](#)

To obtain a policy from Great American Environmental, please submit a submission to environmentalsubmission@gaig.com.

Still have questions or need additional information on the questions above? We encourage you to reach out to us directly with questions!

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For more information about our service capabilities and product offerings, please view our [Environmental Product Guide](#) and [Overview Brochure](#). To obtain a policy from Great American Environmental, please submit a submission to environmentalsubmission@gaig.com.

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