

Clarification of Pollution Liability Coverage

It has come to our attention with the recent happenings in the industry there is some confusion surfacing among farm policy holders as they question what coverage their farm has for pollution liability. On December 30, 2014 in the court case of Wilson Mutual Insurance Co. v. Falk, a Wisconsin dairy farmer was found to allegedly cause groundwater contamination by spreading manure on his fields was not covered by a farm liability insurance policy.

While it is true that manure is a pollutant and would not be covered under general farm liability, any Hastings or Secura policy has a separate coverage for Pollution Liability.

Hastings Mutual Farm Policy Holders:

There are two types of Off-Premises Pollution Liability Coverage available to a Hastings Farm policyholder.

The first type is Sudden and Accidental Pollution Liability. Hastings Mutual states the following in the policy: ***Sudden And Accidental Pollution – Increased Limits*** – *The policy provides Off Premises Sudden and Accidental Pollution coverage for property damage and bodily injury up to an annual aggregate limit of \$25,000. Crop overspray is an example of sudden and accidental pollution. Cleanup costs resulting from property damage are covered. Coverage may be increased by increments of \$25,000, up to \$150,000.*

The second type of Off-Premise Pollution Liability is Claims-Made Pollution Liability. It states the following policy language: ***Pollution Liability – Claims-Made***- *This coverage was designed for insureds that need limits higher than the \$150,000 that can be provided under Sudden and Accidental Pollution – occurrence. This provides coverage for qualifying pollution events that occur after the coverage is written on a Farmowners policy. The pollution event must arise from an insured pollution location scheduled in the Declarations. Coverage limits available for Claims-Made Pollution Liability coverage range from \$250,000-\$1,000,000. An application must be completed and approved by Hastings Mutual in order to obtain these higher limits of pollution coverage.*

As for On-Premise pollution coverage, Hastings Mutual states the following policy language: ***Pollutants Cleanup and Removal*** – *The policy provides up to \$10,000 to cover the expense of extracting pollutants from land or water at the described premises if the pollution resulted from an insured peril. The limit may be increased to \$25,000.*

Secura Farm Policy Holders:

Secura states the following policy language regarding coverage for off-premise pollution liability: *The basic policy and addendums included a \$50,000 per short-term pollution event/\$50,000 annual aggregate liability coverage limit for bodily injury or property damage caused by a short-term pollution event on all policies providing Section II coverage. Increased coverage limits are available for an additional premium.* Secura farm policies include \$50,000 for off-premise pollution liability and can be increased up to \$250,000.

Secura states the following language regarding coverage for on premise pollution liability: *The basic policy provides a \$10,000 limit for all losses occurring during each 12 month period of the policy under Additional Coverages Applicable to Section I. Increased coverage limits are available for an additional premium.* This coverage can be increased to \$50,000.