Environmental Risk Overview

Gasoline Service Stations

Gasoline service stations face numerous environmental exposures ranging from petroleum products stored in tanks, wastes generated from automotive repair facilities, wastewater from car wash operations, and leaks from underground storage tanks, product piping, dispensers and hydraulic lifts. Additional environmental exposures impacting gasoline stations include moisture intrusion into building materials and subsequent mold growth; disposal liability, including used tires; and pollution migrating from adjacent commercial or industrial businesses that could create cleanup responsibilities for the owner.

Environmental Exposures May Include

- Aboveground and underground storage tanks are typically used to store material such as petroleum products including gasoline, diesel, new and used oil and anti-freeze. Improper management and monitoring of aboveground and underground storage tanks can lead to spills and releases that may contaminate soil and groundwater. Tank contents can be released due to leaks or a malfunction of equipment, pumps, valves and pipes. Spills can also occur during loading or unloading of materials. Underground storage tanks may leak over time, and aboveground storage tanks have the potential to experience leaks from tank bottoms, or ruptures, which can cause catastrophic release of tank contents. Released contaminants may enter drywells or storm drains, and contaminate the groundwater on neighboring properties.

- Damage, cracks or overflow of the secondary containment system, or inadequate secondary containment, can allow leaked contents to leach into the underlying soils and groundwater, collect in runoff, or migrate off site into surface waters.

- Leaking of fluids, such as motor oil, hydraulic fluid, gasoline or diesel fuel from vehicles being filled up or serviced at the station, can lead to contamination of the soil and groundwater or can collect in stormwater runoff and enter surface water. Releases to surface water may cause damage to natural resources such as fish, wildlife, biota and air, and it may also negatively impact local drinking water sources.

- Hydraulic lifts may be present at gasoline service stations with repair facilities to raise vehicles for servicing and other automotive work. Hydraulic lifts can either be below or above ground, and releases can easily go undiscovered allowing hydraulic fluid to leak into the subsurface over a long period of time, causing major environmental issues. Releases can migrate to groundwater or enter storm drains, sewer systems or drywells creating a pollution condition.

- Oil/water separators may be present at gasoline service stations with repair facilities and can be either in-ground or aboveground. These structures receive oily wastewater, and over time may develop leaks that allow oil to seep from the system into the surrounding soil and groundwater. Releases can result in onsite contamination or migrate to and contaminate neighboring properties.

- Petroleum based cleaning products and degreasers, along with new and used oil, antifreeze and solvents from the repair facility must be properly stored on the site. Improper storage can result in a release of contaminants and lead to expensive onsite cleanups.

- Gasoline service stations often store new and used batteries on their properties. Damaged batteries could release sulfuric acid which, if not properly contained, could enter storm drains, sewer systems or drywells and migrate offsite.

- Gas stations generate waste such as used oil, auto fluids, lead-acid batteries, wastewater, used tires, sludge and oil from oil/water separators, shop rags, hazardous waste and other types of solid waste. These wastes need to be properly managed and disposed of at non-owned disposal sites. It is the generator's responsibility to determine if their wastes are hazardous and require special disposal or recycling procedures. Wastes must be properly characterized, transported and disposed of at facilities permitted to accept the material. Waste generators retain "cradle to grave" liability for their disposed wastes.

- Wastewater from car washes may have high levels of oil, grease, suspended solids, heavy metals, as well as cleaning chemicals, degreasing solvents and detergents. Run off from washing areas creates the potential for pollutants to enter the trench drain and eventually empty into the public storm sewer system where they can contaminate water sources and cause natural resource damage.

- Mold could develop from moisture intrusion due to storms and flooding, or from leaking water pipes and sprinklers. Many buildings are flat roofed where pooled water can be absorbed by the roofing material and seep into sub-roof areas. Mold can also develop within HVAC systems (air handling units, coils and ductwork), or from improper building ventilation or humidity management of climate-controlled storage.

- Asbestos can be found in automotive brake pads and clutch systems. When asbestos fibers are disturbed and released, they can be inhaled and cause serious health hazards or fatal diseases such as asbestosis, lung cancer and mesothelioma.

- Some products at gasoline service stations are flammable and my result in a fire that spreads throughout the facility, releasing potentially hazardous toxins into the air. A fire could also emit toxic fumes and smoke from the burning materials at the property, or due to a mix of materials that occurs as a result of the fire. Firefighting solutions such as water and foam could create contaminated runoff that spreads to nearby storm drains or other properties and results in environmental cleanup and tort liability.

- Accidental releases or spills of petroleum products from fueling patrons, along with excess release from nozzles may be spilled to the concrete driveway. The released material can migrate offsite or collect in stormwater and enter storm drains or nearby properties.

- Transporting waste materials from the gas station by the owner, or by third party carriers, to disposal sites or recycling centers can lead to environmental liability while on the road and during loading and unloading operations. Spills or leaks resulting from accidents or from improper cargo securement can lead to third-party and cleanup liability.

Environmental Pollution Liability Can Provide Coverage For

- On/Off-site cleanup of new and preexisting pollution conditions
- Third party claims for cleanup costs
- Third party claims for bodily injury and property damage
- Both sudden and gradual pollution conditions
- Defense of third-party claims
- First-party and third-party transportation pollution liability
- Non-owned disposal sites
- Business Interruption expenses resulting pollution conditions
- Loading and unloading
- Aboveground and underground storage tank liability
- Mold, bacteria, legionella and more
- Natural resource damage
- Emergency response expenses
- Coverage for civil fines and punitive damages where allowed by state law
- Illicit abandonment

Claims Scenarios & Examples

- An oily sheen observed on a nearby stream was traced back to a slow leak from an underground storage tank at a gasoline service station. The station owner was responsible for cleanup and natural resources damages to the stream totaling hundreds of thousands of dollars.

- A waste hauler hired by a gasoline service station to carry used motor oil overturned and spilled its cargo into a stream. As the generator of the waste, the station was held liable along with the waste hauler for the cleanup costs. The spill was reported to the Department of Environmental Protection and an emergency response team cleaned the road. The gasoline station owner was responsible for investigation of soil and water impact, significant remediation and future monitoring costs. Due to the remote location of the spill, remediation efforts were significant.

- A crack in the concrete secondary containment of a 10,000-gallon diesel aboveground storage tank allowed a spill of 8,000 gallons into the containment to be released and seep into the underlying soils. The total cost for investigation, removal and disposal exceeded $320,000.

- An oil/water separator connected to the maintenance area of a gasoline service station developed a fracture within its underground piping. Over time, oil seeped from the system into the surrounding onsite soil and groundwater, and eventually migrating to a neighboring property. The extent of the contamination was not realized until an oil sheen was noticed on a nearby stream. An investigation was conducted and resulted in a contaminated soil and groundwater treatment program. The need to quickly mitigate impacts to the stream required an expedited remediation schedule, further increasing the cleanup costs.

- A customer at a gasoline service station accidentally drove away with the fuel pump's nozzle still attached to the car, causing a release of fuel to the ground. The released fuel traveled across the pavement and into an adjacent property. In addition to cleaning up the release in the vicinity of the fuel pump, the owner of the station was also required to clean up the impacts to the adjacent property.

- While performing regular tank testing on his fuel systems, a service station owner discovered a leak emanating from an underground tank supply line. Diesel fuel pooled around the tank contaminating the underlying soil, which was excavated and disposed at an offsite waste facility. A total of $368,000 was spent between the costs for investigation, remediation and disposal.

- A gasoline service station owner reported a claim when gasoline was discovered to be coming up through the concrete pad associated with the fuel dispensers. After completing an initial investigation, it was determined that the underground storage tank system was leaking from several areas (piping, sumps, and the tank itself) and the contamination was more extensive than originally thought. Cost of cleanup exceeded the owner's $1,000,000 pollution liability policy. An additional $100,000 was spent on legal fees associated with regulatory compliance issues.

- During removal of a hydraulic lift from a former gasoline service station, soil staining was observed and it was determined that hydraulic fluid from the in-ground lift had seeped into the ground over time. The fluid had migrated beyond the perimeter of the service station building and most of the site had to remediated. Costs for excavation, transportation and disposal of petroleum contaminate soil were significant.

Final Consideration

Your business can be faced with the cost to defend itself against allegations or legal action from pollution related events, regardless if you are fault or not. Having the proper insurance coverage in place will help fund the expenses incurred to investigate or defend against a claim or suit and provide you with environmental claims handling expertise.

This environmental risk overview has been developed by Environmental Risk Professionals on behalf of J. Loos & Associates. It is intended to provide the reader with a broad range of potential risks they may encounter and may not reflect all risks associated with their business. To verify available insurance coverage, please consult your insurance representative.

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Insurance and Bonds

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