

Self Storage Facilities

Self storage facilities face a range of environmental liability exposures. Units may be used to store materials that can cause pollution conditions or be rented to someone who, unbeknown to the storage facility management, engages in activities that involve hazardous materials. The storage facility owner could be left with a potentially costly cleanup or third party liability from a release of these substances or from a fire at the property. Self storage facilities are also prone to the illicit abandonment of pollutants, either from outside contaminants brought to the facility or abandoned contaminants within a unit, leaving the product classification and disposal responsibility on the facility owner. Additional environmental exposures impacting the facility and its property include mold and migrating pollution from adjacent commercial or industrial businesses that could create cleanup responsibilities for the self storage owner.



Environmental Exposures May Include

- Units rented at a self storage facility may be used to store items that upon release could create a pollution condition. A few examples of causes for pollution conditions could include: leaking oils, fuels and automotive fluids from stored vehicles, corroding batteries, spills or leaks of chemicals used for hobbies such as photography or wood working, and spills or leaks from stored paints and thinners. Releases of these substances could contaminate building materials, soil, groundwater or migrate to adjacent properties.
- Even if prohibited, storage units could still be used for the storage of hazardous materials. Persons involved in illegal drug activity or toxic waste dumping could leave the property owner liable for cleanup and disposal of hazardous materials.
- Mold growth in a facility could occur from water intrusion due to storms, flooding, leaking water pipes or sprinklers and HVAC systems. Some self storage facilities are flat roofed where pooled water can be absorbed by the roofing material and seep into sub-roof areas. Clogged roof gutters can exacerbate the problem.
- The use of pesticides and rodent repellents are common inside storage units. Improper placement of traps and poison boxes or broken packets or pellets could pose a toxic exposure to tenants or their children and pets onsite.
- Illicit abandonment, also known as midnight dumping, is the illegal dumping of pollutants on your property. For a self storage facility, illicit abandonment could occur by someone without a unit dumping materials or by a tenant abandoning items. If the originator of the waste cannot be found, the property owner would need to incur the cost of determining what the material is. If the material is hazardous, they would then incur the costs of removal and any cleanup and third-party bodily injury if a release should occur.
- Under current federal and state law, self-storage operators are responsible for the cost of legally disposing of hazardous materials discovered on the premises.
- A hostile fire at the facility could emit toxic fumes and smoke from the materials stored at the facility or due to a mix of materials that occurs as a result of the fire. Water used to put out the flames could create contaminated runoff that spreads to nearby storm drains or adjacent properties.
- Many storage facilities are located in commercial and industrial complexes. Contaminants from neighboring facilities could migrate to the storage property. If that business owner is not properly insured or goes bankrupt, the cost to cleanup the contamination could fall on the storage facility owner for their own property.

Environmental Pollution Liability Can Provide Coverage For

- On-site cleanup of new and preexisting pollution conditions
- Off-site cleanup of new and preexisting pollution conditions
- Third-party claims for bodily injury and property damage
- Third-party claims for cleanup
- Defense of third-party claims
- Mold, legionella, bacteria and fungi
- Asbestos and Lead
- Business interruption resulting from pollution conditions
- First and third party transportation pollution liability
- Illicit abandonment of materials
- Non-owned disposal sites
- Both sudden and gradual pollution conditions

Claims Scenarios & Examples

- Two self storage lockers were found filled with hundreds of bags of asbestos. An environmental business hired to remove asbestos had falsified paperwork and illegally stashed the asbestos at the storage facility. When questioned, the business owner stated they didn't have the money for proper disposal.
- A self storage facility reclaimed a unit after its renter missed several payments. Upon gaining control of the rented space, the facility's owner found evidence of hazardous materials. They immediately contacted local officials. The county and state officials demanded that the necessary steps be taken for proper removal and disposal of the hazardous materials. The renter of the facility could not be located so the facility owner was required to pay for the costs of the cleanup and disposal. The clean-up entailed contracting with an EPA certified and licensed haz-mat hauler. In addition, soil and groundwater investigations were ordered and the findings resulted in the need to excavate several tons of impacted soils. The storage facility owner had to pay out of pocket for all the cleanup and removal of materials as well as ongoing testing to the soil and groundwater for years to come. Resultant costs approached \$600,000.
- The owner of an Environmental Services company plead guilty to violating the Clean Air Act by having employees store asbestos removed from buildings at a Public Storage facility. The owner was sentenced to six months in prison and order to pay \$435,477 in restitution to Public Storage.
- A self storage facility reclaimed a locker from a renter that had missed several payments. Upon gaining control of the rental space they found twelve drums of hazardous material. The renter could not be found, so the owner of the storage facility was required to pay for the cost of the disposal of the drums. In addition, soil and groundwater investigations were required due to staining on the floor of the unit, which resulted in the need to excavate several tons of impacted soil.
- A claimant and her mother stored their possessions in a 10' x 10' unit at self storage facility for nearly two years. When they went to retrieve their items, they found everything covered in a rainbow-colored mold that a specialist claimed was toxic. The self storage facility was sued by the woman and her mother for damage to their stored goods they say was caused by a leaky roof and the resulting mold. The lawsuit accused the facility of negligence and sought approximately \$60,000 in damages.
- The owners of an asbestos removal company were sentenced in connection with the improper removal and disposal of asbestos for work performed on numerous public and private buildings. The state's Environmental Strike Force received information that owners of the company were illegally storing bags of asbestos at a self storage facility. Further investigation of the facility found hundreds of bags containing asbestos debris from work performed by the company. Under the Solid Waste Act, the storage units were not a permissible location for the storage of asbestos debris.

Final Consideration

As a business owner you can be faced with the cost to defend yourself against allegations or legal action from pollution related events, regardless if you are at 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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