

# Pollution in your Automotive Dealership: How to conduct an Environmental Due Diligence review in your dealership

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## Pollution: Does it have to be a dirty word?

Pollution sounds like such a dirty word, and can cost your business millions of dollars without good risk management and insurance coverage. Is your business exposed to pollution liability risks? Are you covered? Can you sleep comfortably at night knowing you have taken all the necessary steps to control this exposure? If you know the meaning of “Environmental Due Diligence,” you probably can. First let’s look at three fact-based scenarios related to pollution liability that have actually occurred at automotive-related businesses:

- Automobile Dealership – Drainage piping associated with a wash bay released a substantial amount of cleaning solvents into soil and groundwater.
- Service Station – A waste hauler hired by a service station to carry used motor oil overturns and spills its cargo into a stream. As the waste originator, the service station is required to contribute to the clean-up costs. Remember that as the “originator” of the waste, you have “cradle to grave” responsibility for it.
- Body Shop – A solvent recycling facility, used by the insured body shop, is the source of contamination to a local aquifer. As the generator of the waste, the body shop is designated a “responsible party” by the local environmental regulatory agency.

## Costs associated with pollution incidents

Clean up and remediation costs can run into the hundreds of thousand of dollars. Bear in mind, these costs do not include possible fines levied for non-compliance with local, state, and federal regulations. In addition, have you considered the cost of Natural Resource Damages? The effect of a pollution incident on your business can be even more profound from a public relations standpoint. Just think of other large corporations who have been forever associated with major environmental disasters.

## What can you do?

Perform an audit of your facility and thoroughly analyze your pollution exposure:

- Most importantly, ensure you are in compliance with all applicable local, state and federal environmental protection laws and regulations.
- Develop a list of all chemicals stored or used on site.
- Make a list of all waste materials generated or stored at your facility including lead acid batteries, antifreeze/coolant, transmission fluid, waste oil, paints, solvents, used shop rags and mercury containing devices (light bulbs, mercury switches, etc.).
- Determine where and how leaks and spills could occur.

- Have emergency procedures set up in advance to deal with spills. This includes designating an emergency coordinator and training personnel in how to handle the spill.
- Review how and in what manner you store and dispose of waste material.
- If you have underground tanks, take time to review regulations specific to Underground Storage Tanks (USTs) and ensure your tanks are in compliance.

## Other practical control measures

- Deal only with reputable companies for waste transport and disposal.
- Investigate your waste haulers and disposal facilities by checking with your state or federal Environmental Protection Agency (EPA) to ensure that they hold the proper permits and licenses, and whether they have any violations.
- Obtain certificates of insurance from third parties who pick up and handle your waste products. Make sure to talk to your agent about this exposure.
- Convert hazardous waste to non-hazardous waste through incineration (waste oil heaters can be utilized). Check with your local code official prior to installing any new system to handle waste.
- Use "spill containment" pallets for storage of 55-gallon drums containing new and used oil, antifreeze, brake cleaners, paint thinners, etc.
- Install double-walled tanks and diking for above ground storage tanks containing waste oil, gasoline, etc.
- Install canopies over outside storage tanks and drum storage areas to control run-off and spills.
- Store lead acid batteries off the ground and on suitable pallets or containers.
- Use flammable liquids storage cabinets for smaller quantities of liquids for inside storage.
- Use new materials that are not hazardous in place of hazardous substances – water based parts washers, "green" solvents and cleaners, etc.
- Talk to members of any industry associations you might belong to about their experiences with pollution exposures.

## Online Resources

Visit these sites for additional help and resource materials:

- United States Environmental Protection Agency (US EPA) – [www.epa.gov](http://www.epa.gov)
- A Guide on Hazardous Waste Management for Florida's Auto Repair and Paint and Body Shops – [www.dep.state.fl.us/waste/quick\\_topics/publications/shw/hazardous/business/Paint\\_and\\_Body8\\_09.pdf](http://www.dep.state.fl.us/waste/quick_topics/publications/shw/hazardous/business/Paint_and_Body8_09.pdf)
- An Environmental Guide for Texas Automotive Repair Shops – [www.tceq.state.tx.us/files/rg-308.pdf\\_4443214.pdf](http://www.tceq.state.tx.us/files/rg-308.pdf_4443214.pdf)
- Compliance Assistance for the Auto Care Professional – [www.ccar-greenlink.org](http://www.ccar-greenlink.org)
- Environmental Emergency Plans – [www.epa.gov/emergencies/index.htm](http://www.epa.gov/emergencies/index.htm)
- Spill Prevention, Control, and Countermeasure (SPCC) Rule<sup>1</sup> – [www.epa.gov/emergencies/programs.htm](http://www.epa.gov/emergencies/programs.htm)

Bottom line, pollution may be a dirty word, but exposures to pollution risks can be controlled and managed.

## More information

For more information on how you can protect your business, contact your Zurich account executive or call 800-840-8842 x 7449. Or visit us online at [www.zurichna.com/zdu](http://www.zurichna.com/zdu).

To request a free copy of our Risk Topic titled "Environmental Self-Assessment," contact the Zurich Services Corporation's Risk Engineering Department at 800-821-7803.

<sup>1</sup> The US EPA finalized the SPCC Rule in November 2009 and has established a compliance deadline of November 10, 2010. The SPCC Rule outlines requirements for prevention of, preparedness for, and response to oil discharges as part of the Oil Pollution Prevention regulation (40 CFR part 112). Regulated facilities must develop and implement SPCC Plans that establish procedures and equipment requirements to help prevent oil discharges from reaching navigable waters or adjoining shorelines.

Automotive-related facilities are subject to the rule if they maintain an above ground oil storage capacity greater than 1,320 U.S. gallons, or completely buried oil storage capacity greater than 42,000 U.S. gallons.

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