



## Environmental Contamination – No Problem!!

*By: Marsha Gray, V.P. Sales & Marketing, SESCO Group*

Should a real estate deal fall apart because environmental contamination is found? Often, that's what happens. The buyer is unwilling to assume the liability and the seller doesn't have the financial means to pay for the cleanup, so the deal often falls apart. This is a shame, because, in a majority of those situations, there is a solution.

We've found that most business owners are unaware that the solution may be in their storage room, their file cabinets or their basement. They own a very valuable asset--the commercial general liability (CGL) insurance policies they have purchased over the years. These policies often contain provisions which provide coverage for property damage resulting from environmental contamination.

SESCO's unique approach is to help our clients find the funds to deal with environmental issues. In most cases, these funds come from historic policies that I've mentioned, but we also help our clients obtain grants and loans that are available through the state or federal agencies.

The Senior Citizens Center in Greensburg provides a perfect illustration of SESCO's unique approach and how third-party funds can be used to leverage more dollars toward your overall assessment and redevelopment program.

The City of Greensburg received a grant from the Indiana Finance Authority (IFA) for Phase I and Phase II assessments of their vacant Senior Citizens Center, a property which had once been a service station. SESCO was hired to perform the Phase II assessment and to investigate the possibility of using the City's historic insurance policies to fund the cleanup of any contamination found on the property during this assessment. The Phase II confirmed the site had soil and groundwater impact and at least six underground storage tanks were also discovered.

Our insurance archaeologist reconstructed the City's historic general liability coverage and the coverage attorney that we worked with successfully negotiated with the carriers. As a result, **this project was completely funded by the insurance carriers.** SESCO removed the tanks and is now in the process of remediating the site—**at no cost to the City.** Prospective purchasers have expressed an interest in the property, and Mayor Frank Manus is very pleased that the once-abandoned site will soon be sold at fair market value and redeveloped.



*"SESCO has saved our city nearly \$500,000 in remediation costs and we won't have to lower our selling price because of environmental concerns.*

*What we once considered a liability has now become a very marketable asset."*

*- Mayor Frank Manus, Greensburg*

This is an example of how a city utilized insurance recovery to clean up a site. The very same solution is available for private business owners.

Remember, old policies are very valuable assets. They should be kept in a safe place. They should be held onto even after a client has sold their business or retires.

If you have a client that owns a property that you suspect may have some environmental issues, our insurance archaeologists can help locate old policies or evidence that those policies existed.

There's always a solution...and it may be lurking in your client's storage room.

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