

The Insurance Crisis for Pesticide Users

As you are all aware, risk liability insurance for certain businesses, occupations, and services is becoming increasingly difficult to obtain, if even available at all at any cost. The following article, reproduced in its entirety, describes the current crisis surrounding this issue. The article, which appeared in the Winter 1986 issue of **The Bottom Line**, is entitled "Insurance Crisis Deals Touch Hand to More Than Just Pesticide Users."

If you're a pesticide user who finds comfort in numbers, then take heart — the insurance industry is not singling you out. Though you may have lost your pollution liability insurance, you are not alone.

Actually your market — pollution risk liability — is currently one of the eight most difficult markets to insure, according to the **Wall Street Journal**. The others include liquor liability, day-care centers, medical malpractice, high-limit coverage for industrial firms, asbestos removal from schools, commercial fishing and boat coverage, and municipal liability. The cost of policies available throughout 1985 rose 300 to 500 percent while coverage lessened, according to various industry journals. Now, insurers claim they have no choice but to exit the pollution liability market for 1986.

Across the industry, pest control operators, aerial pesticide applicators, utility right-of-way managers, arborists, lawn care companies, and even government agencies face the dilemma of paying for sky-high insurance policies or operating uninsured. Pollution insurance policies, which usually covered only "sudden or accidental" claims, have received broad interpretation by the courts resulting in large awards and high costs to insurers.

The **Wall Street Journal** estimated that the surge in suing has driven up the average product liability award from \$345,000 ten years ago to \$1.07 million. As the companies pay greater amounts for defense, insurers believe the only solution is to raise premiums and take fewer risks.

The National Pest Control Association estimated in another **Wall Street Journal** article that 450 of the nation's 9000 pest control concerns will have gone under in 1985 due to rising insurance costs and oppressive lawsuits. Homeowners are suing exterminators to collect damages for illnesses or deaths allegedly caused by the pesticides used. Even when the pest control companies win, the insurers lose — they foot the costs of the defense, which can easily add up to \$100,000 a lawsuit, according to William Savich, an Atlanta insurance broker specializing in a pest control companies.

Lawn care operators have encountered equally unpleasant insurance situations. Several states require operators to submit proof of pollution liability insurance in addition to proof of financial responsibility for general liability before licenses can be obtained. The alternatives are to seek an almost unobtainable, high-priced policy, operate in violation of the law without insurance, or don't operate at all.

Some operators who apply pesticides aurally, both for agriculture and rights-of-way, have been grounded by their insurance problems. Many large forestry companies require aerial applicators to carry their own insurance policies — which cost the applicators several hundred thousand dollars.

In 1986, some expensive policies will be available on a

Turf-Seed, Inc. proudly presents

Anthony A. 'Tony' Meyer

1011 61st Street 312/969-1898
Lisle, Illinois 60532

as a Chicago area representative for these Oregon-grown certified turfgrass varieties:

PERENNIAL RYEGRASSES

Citation II • Birdie II
Omega II • Manhattan II

KENTUCKY BLUEGRASSES

Columbia • Midnight
Challenger • Galaxy Blend

TALL FESCUES

Olympic • Apache
Triathalawn Blend

FINE FESCUES

Shadow • Flyer • Fortress

HARD FESCUES

Aurora • Waldina

SHEEP FESCUE

Bighorn

WILDFLOWER MIX

Bloomers



Produced by:

Turf-Seed, Inc.

PO Box 250, Hubbard, OR 97032
503/981-9571
TWX 510-590-0957

"claims made" basis, but they provide limited coverage at best, and only for the specific time period that the policy is in effect.

Insurers say recovery time will bring the industry policy prices back into balance. New techniques for moderation out of court will play a key role in reducing the burgeoning amount of legislation and the unreasonable amounts of jury awards. In the meantime, those who want insurance will have to pay dearly for it.

These suggestions may leave pesticide users frustrated, but as one industry expert said, "In increased professionalism through applicator training will be a key in turning the risk perceptions around.

"Better training, which will result in fewer claims through misapplications, coupled with a good public relations campaign, will demonstrate the industry's professionalism to the policy writers," he added.

**The Bottom Line, Winter 1986
DOW Chemical Co.**

(Tradeoff cont'd. from page 11)

Time versus efficiency has always been a major issue with chemical applications. Most turf managers are dedicated to producing the highest quality turf possible and most are willing to make additional treatments if the end result justifies them. The choice will become clearer as research by turfgrass pathologists continues to demonstrate that checks and balances are often altered or eliminated by certain types of chemicals. You will be able to see that it is more beneficial for you to apply chemicals in a manner that keeps the check and balances intact.