

Conference Report

UST insurance

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dents Association of America annual conference in Orlando, Fla.

It is with the hopes of avoiding situations like East Overshoe's that Shanks' company and the GCSAA have developed the only insurance program specifically for pollution from golf course USTs.

"I read in the newspaper recently that the UST issue is a time bomb waiting to go off. I agree," said the president of the 13th largest insurance broker in the country.

Shanks said it will cost the United States between \$1 billion and \$3 billion to clean up the potential damage from the nation's 2 million USTs. Of those 2 million tanks, 200,000 are leaking. Some of that leakage eventually winds up in ground water that is the primary drinking source for half the people in this country.

Most of those tanks are located under service stations. But many are at golf courses. A Financial Guardian superintendents survey revealed that 84 percent of those responding had at least one UST at their course and 66 percent at least one above-ground storage tank (AST). Of those tanks, 50 percent were at least 10 years old and 54 percent were made of bare steel, which is more likely to leak and has been illegal to install since 1985.

So, the potential is there for some major problems from the 15,000 USTs and 7,000 ASTs. First Guardian estimates are located at the nation's golf facilities.

What does that mean to a golf course?

If the Environmental Protection Agency finds a course in violation of its storage tank standards, it has the power to levy fines up to \$25,000 per day/per tank. Then there is the likelihood of massive court costs fighting lawsuits from landowners whose water supplies have been contaminated.

New EPA regulations that take effect Oct. 26 require golf facilities with USTs to prove financial responsibility of at least \$500,000 per occurrence and \$1 million per year.

The GCSAA-sponsored risk retention group policy provides the EPA-mandated liability coverages and does it one better with an additional \$250,000 for defense costs.

Annual premiums vary although they can

be as low as \$431 per tank if a course takes advantage of credits offered for things like superintendent participation in a correspondence course or GCSAA seminar (10 percent off); controls that exceed EPA requirements (15 percent); and completing and complying with the Hall-Kimbrell Environmental Compliance Assistance Program (10 percent).

"There have been stories that companies were going to charge \$5,000 per golf course. There are some that charge \$3,500 minimum per course. But we're going to do it on a per-tank basis. Your course, if it's average, is paying \$25,000 per year for property and casualty insurance. Some are up to \$60,000, \$70,000, \$80,000, even \$100,000. We're talking about \$431 per year," explained Shanks.

UST insurance costs are lower for golf courses than similar coverage for service stations because the generally smaller and newer tanks at golf facilities are lower risk, said Shanks. Service stations may have trouble even getting insurance now that EPIC, which insures 29 percent of service stations, is going out of business, he added.

Tank insurance is also less expensive and usually easier to acquire than the alternatives for meeting the EPA \$500,000/\$1 million requirements, according to Shanks.

Those alternatives include surety bond, letter of credit, guarantees from parent company, self-insurance (requires \$10 million net worth) or state trust funds (many are under-capitalized and have tight restrictions).

"Because of the lower risks associated with these golf course tanks, we were able to build a lot of nice extras into the program and still make it very affordable for golf courses," said Shanks.

"We're not looking at two feet of concrete sitting over tanks at a gas station in the middle of downtown Orlando that could have leaked into the city's water system. So we feel our losses will be lower and our rates can be held down."

In addition to meeting EPA-mandated coverage and defense costs, the policy provides third-party coverage and clean-up costs, both on and off premises, in case a leak moves onto adjoining property.

The policy does not cover replacement or repairs to existing tanks. Deductibles can be as low as \$1,000. And the policy can be written by a local insurance agent that currently handles course coverage.

A packet should be reaching courses shortly, if it hasn't already. It contains a letter explaining the program and an eight-page application to be filled out by the insurance agent with the help of the superintendent.

After obtaining insurance, at least one of the following will be required:

- for younger tanks, a computerized inventory analysis requiring daily readings that are then sent to a lab to check for leaks;
- for older tanks, a tightness test at a cost to the course of about \$350;
- soil borings if there are any indications of a leak;
- a loss control program at all courses with USTs.

Naturally, if there is already a pollution

problem from a tank, coverage isn't available.

"If the building's already on fire, you don't buy insurance," quipped Shanks.

The deadline for meeting the EPA requirements is Oct. 26. But it can take from 90 to 120 days, with no complications, to comply with the EPA and insurance tests, except in the case of a newly installed tank.

"So you should start the process as soon as you get the packet," suggested Shanks.

One of Shanks' concerns is that some states have yet to begin certifying environmental contractors. Certified contractors are required to do much of the testing to meet the EPA and insurance requirements. Financial Guardian can supply a list of certified contractors.

"The success of this program is that we all ban together," concluded Shanks. "There are many companies that have refused to write golf course tank insurance all together."



Retired Air Force Col. James B. Irwin, the eighth man to walk on the moon, signs copies of his book after speaking at the annual Prayer Breakfast at the GCSAA's 61st annual International Golf Course Conference and Show. John Ebel of Barrington Hills (Ill.) Country Club, who has organized the breakfast for 11 years, asked for "a new young face" to volunteer to take his place.

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Norwood Hills' Null wins 2nd GCSAA title

After a first-round 77 on Orlando's Hunters Creek Golf Course, Roger Null came back with a 72 on The New Course at Grand Cypress to win the 1990 Golf Course Superintendents Association of America Golf Championship.

In winning his second title (he also won in 1983), the superintendent at Norwood Hills Country Club in St. Louis, Mo., took home the Bobby Jones Trophy and the United States Golf Association traveling trophy.

One stroke behind Null, with a gross score of 150, was Chuck Green, superintendent at Florence (S.C.) Country Club. Green's net score earned him the Championship Flight net division title.

The Carolinas GCSA #1 team of Green, Dave Powell, Gary Bennett and Dyrck Fanning won the Scottish Trophy for the gross division of the chapter team competition.

Ray Beaudry, Ted Maddocks, Mike Reeb and Mike Wallace of Connecticut GCSA #5 combined to take the Frank Lamphier Trophy awarded for the chapter team net division crown.