



# ADDRESSING THE NEEDS OF THE PEST CONTROL INDUSTRY

*Complex exposures require access to specialized risk management  
and coverage solutions*

By John Culotta

**P**est control is a year-round challenge in Florida, making it a strong market for pest control operators (PCOs). When PCOs are called to a home or business to eliminate termites or control mosquitoes, they can face a variety of challenging issues. For insurance agents and brokers seeking to provide liability coverage for these professionals, it's important to recognize their complex exposures and provide access to specialized risk management and coverage solutions for this \$8 billion industry.

Over the past decade, one of the most common claims for PCOs nationwide has involved treatments for bed bugs, which can be difficult to eradicate, often requiring multiple treatments. PCOs that “guarantee” results without a proper service agreement can inspire a customer’s wrath.

Real estate inspection for termites and other wood destroying insects, which may be hidden deep inside a house, has always been a common source of claims. In addition, a good number of claims result from PCOs failing to properly complete a treatment, perhaps, for example, not applying chemicals according to a manufacturer’s specifications.



Following the broader insurance industry trend, there also has been an increase in commercial auto claims related to distracted driving among PCOs. In fact, auto claims are some of the most frequent of any type for pest management companies. These professionals spend a lot of time on the road, so distracted driving should be a major concern for managers and technicians.

## Training

Several risk management solutions can be implemented to reduce a PCO's exposure, and whether you're talking about driver safety or pest treatments, training is at the top of the list.

Driver training is a front-line defense against dangerous behaviors behind the wheel. New drivers should take driver safety courses as well as refresher courses when they spend a lot of time operating a company vehicle.

Employers can support safer driving practices with a distracted driving policy, which should be signed by the employee and employer and should specifically prohibit certain activities and clearly spell out repercussions for distracted driving.

Ongoing training also is crucial for using chemicals for treatments. In fact, in many states, it is mandatory. Training on new products, application procedures and local ordinances related to pollution helps ensure that PCOs are using chemicals correctly, whether it's inside a structure or on lawns. Damage to lawns from pesticide or herbicide treatment is a frequent claim in Florida and the entire Southeastern United States.

Training also is essential for heat treatments, which have emerged as the treatment of choice for bed bugs. Though considered effective, they carry risk to both a customer's structure and personal property. PCOs should be trained in protocols necessary to carry out treatments safely and effectively.

## Managing customer expectations

Many claims in the pest control industry can be avoided simply by managing customer expectations and communicating effectively. This is illustrated by issues surrounding bed bug treatments.

Few consumers understand the lengthy treatment protocols required for bed bugs, but PCOs can equip customers with critical information about why homes or businesses may require multiple chemical and heat treatments, and why heat treatments could damage their belongings.

Service agreements should clearly state that the PCO is there to address an existing, ongoing condition and that multiple treatments may be necessary. They should never guarantee that services will eliminate the problem. Many

is in the PCO's "care, custody and control." In fact, most policies specifically exclude this coverage. When adding this endorsement, make sure it covers a building ("real property"), not just personal property. The endorsement should also cover work done by subcontractors hired by the PCO, and damage caused during spot treatments.

Similarly, relying only on a pesticide and herbicide endorsement in the event of a chemical spill or leak at the job site can be a big mistake and leave a PCO liable for some of the most damaging claims. A pollution endorsement, on the other hand, can cover environmental damage and clean up, including spills or leaks at the PCO's office or facility. The agent should also include a pollution auto transit endorsement to cover spills in a vehicle, whether it is involved in an



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PCOs also have customers walk along as they conduct a visual inspection, taking photos of infested areas and storing photos for later use.

Managing expectations begins well before the customer picks up the phone. PCOs can establish a realistic attitude toward treatments on their websites and marketing materials. It's important for them to avoid guarantees or promises they cannot keep, such as "our treatments are 100% effective on the first try."

## Specialty coverage

Of course, accidents do happen, and that is why it's important for PCOs to be protected by specialty insurance coverage. A commercial general liability (CGL) policy is key, but agents and brokers writing business in this industry need to be aware that many policies lack or have sub-par versions of the most crucial policy endorsements, most notably pollution and care, custody and control.

While typical CGL policies cover damage to a PCO's customer's real and personal property, they usually do not cover damage if that property

accident or parked at a job site.

Two additional coverages should be considered. First, PCOs often need an excess liability and umbrella policy that truly provides broad protection, extending over all coverages, including care, custody and control and pollution endorsements. Second, the emergence of bed bugs has led to an increase in customers seeking monetary damages to compensate them for loss of income and other expenses. Since policies with this coverage are not widely available, it's important to confirm whether or not a policy would cover such a claim.

The pest control industry has unique and often complex risks. But agents and brokers can serve the industry by sharing important risk management solutions and making sure specialty coverage is available when standard CGL forms fall short. ■

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