

Why do I need Contractor Pollution Liability?

Because environmental claims can happen to any contractor...

Many non-environmental contractors assume that claims arising from operations are covered by the general liability policy. However, claims resulting from a "pollution incident" are excluded from most general liability policies, which leaves many of these contractors exposed to potentially uncovered claims. The Contractor's Pollution Liability (CPL) policy is designed to cover accidental pollution incidents for a variety of contractor classes, protecting them from possible financial harm.

The following examples are a sample of the types of claims that could result from a non-environmental contractor's operations and have a potentially devastating effect on the profitability and future of the contractor's business. For more information on how American Safety Insurance can help protect your business, please ask your insurance professional for more information on ASI's CPL coverages.



Mechanical Contractor

A contractor was called to a site where an underground storage tank was being removed. He was contracted to loosen a heavy coupling for which the tank removal company did not have adequate tools. Several days later after leaving the site, having shaken the pesky coupling free, the contractor was notified that he was being sued for the tank leaking underground, spilling hundreds of gallons of gasoline into the soil. It seems that the contractor dropped a heavy wrench down the intake spout of the fiberglass tank, cracking the bottom, and causing the leak. Total costs to defend himself and pay damages exceeded \$250,000.



Paving Contractor

After laying the "tack" coat of Naphtha in preparation for the final coat of blacktop on a new road job, a heavy rain hit, washing the toxic material into a drainage ditch along the road and, subsequently, into a stream. The clean up costs exceeded \$150,000.

Concrete Contractor

A concrete contractor laid an undercoat of slag while creating a new runway for a large international airport in the midwest. After the runway was completed, it was discovered that the slag was contaminated and was leaching pollutants into a tributary of one of the Great Lakes. The claim exceeded \$400,000.

A concrete contractor related a claim where he was driving rebar stakes into the ground at a gas station when setting up concrete forms and he punctured a fuel line. The station did not detect the leak until later in the day. The contractor filed a claim that his insurance denied due to the pollution exclusion.

HVAC Contractor

A HVAC contractor installed an HVAC system in a new building. Within weeks after opening, the building had to close due to occupants being overcome with breathing problems and headaches. The contractor was one of many parties sued. During discovery, it was determined that the HVAC system was installed exactly as specs described. However, the contractors had to absorb over \$250,000 in uncovered defense costs because he had no environmental coverage, therefore, no coverage for defense costs.



Excavation & Grading

A grading contractor was working on a site preparation project. During the rough grading of the site, the contractor spread soil throughout the site to the engineer's specifications. Unknowingly, the contractor spread a pocket of highly concentrated contaminant in the process of rough grading. The entire site became covered with one inch to one foot of contaminated soil. The site owner filed a suit against the contractor for spreading the contamination. The \$1,000,000 claim was denied by the general liability carrier due to a pollution exclusion.

One general contractor was asked to move dirt at a railroad yard. He took it as directed to a landfill. Later he was pulled into a claim as the soil was polluted by a cargo spill in the past of which the contractor had no knowledge. He was dismissed from the claim, but his legal expenses were uninsured.

While completing the finish grading after installing an underground storage tank, the contractor-operator ran over a riser of another existing gas tank creating a slight leak. This went undiscovered over the weekend. His pollution insurance carrier has set reserves at \$50,000.

Janitorial Contractor

Working at a mall, a cleaning company inadvertently mixed cleaners; one ammonia based and the other chlorine based. The result was a toxic cloud of ammonia chloride that caused respiratory distress in dozens of shoppers. Total cost of this claim: \$175,000.

Street and Road

A street and road contractor is working on a road widening project in a suburban area. The contractor is excavating soil along a two mile stretch of highway. The soil was not tested prior to working on the site. The contractor's employees are unknowingly being exposed to elevated levels of lead which are contained in the soil adjacent to the road. The elevated levels of lead are due to years of automobile exhaust that, until the late 1970s, contained lead. A worker begins to feel sick and seeks consultation of a family doctor, who immediately diagnoses that the worker has elevated lead levels, the source of which is traced to the jobsite. The worker files a suit against the state for negligence and improper working conditions. The contractor's general liability insurance, with a limited pollution endorsement, denies the claim because it is a non-sudden/gradual claim, as well as a third party action over situation, both of which are excluded under standard limited pollution endorsements.

Painting Contractor

While painting the interior of a nursing home, the contractor was sued by over a dozen residents alleging that they were overcome by fumes as a result of inadequate venting. Total claim was over \$200,000.

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Contractor Pollution Liability Claim Examples*



Disclaimer: Coverage for actual claim situations will depend on the facts of the loss as well as the terms, conditions and exclusionary language of each policy.

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