# CPL PROTECTION HELPS CLEAN THINGS UP. THESE EXAMPLES PROVE IT.

Contractors face unique risks every day. Not the least of which are pollution incidents. These can range from hazardous fumes in the air to major gas leaks and fuel spills. All it takes is one seemingly minor mistake to have major financial repercussions. It's why having contractors pollution liability coverage makes a lot of sense. And it's just the kind of protection the following businesses needed to clean things up without costing them any more than it had to.

## EXAMPLE 1

**Type of Coverage:** Contractors Pollution Liability

**Cause of Action:** Property Damage (Loss of Use). Pollution Incident: Fumes

**Type of Insured:** Roofing Contractor

**Facts:** The insured was hired to replace the roofing system on a commercial building. The work was being done in phases due to the size of the building.

**Situation:** A tenant of the building alleged that chemicals from the roofing tar circulated into their office space through the HVAC system and caused employees to become nauseous and light-headed.

**Challenge:** As a result, the tenant shut down the office for a period of time and demanded that the owner of the building compensate them for various losses. The owner settled with the tenant and then withheld the amount of the settlement from their payment to the insured for the roof work. Damages included:

• Property damage due to loss of use of the tenant's tangible property.

**Resolution:** Indemnity: Settlement of $70K

## EXAMPLE 2

**Type of Coverage:** Contractors Pollution Liability

**Cause of Action:** Property/Environmental Damage. Pollution Incident: Mold

**Type of Insured:** Siding Contractor

**Facts:** The insured was hired to replace the siding of a residential home.

**Situation:** The homeowner alleged mold damage in their home as a result of incorrect installation of the siding.

**Challenge:** The investigation revealed that when the siding was replaced, the insured decreased the size of the gable vents in the attic. This structural change resulted in excess moisture in the attic and mold developed throughout the home. Damages included:

- Cleanup costs for mold remediation, including testing, monitoring and abatement
- Restoration costs for damages made to the home in the course of the mold cleanup
- Replacement of contaminated personal property

**Resolution:** Indemnity: Cleanup costs and property damage of $120K

## EXAMPLE 3

**Type of Coverage:** Contractors Pollution Liability

**Cause of Action:** Environmental/Property Damage. Pollution Incident: Sewage

**Type of Insured:** Plumbing Contractor

**Facts:** The insured was hired to install plumbing for a new restaurant.

**Situation:** After the insured completed the installation at the location, a drain backup allowed sewage into the restaurant. The restaurant was closed for two weeks before the backup was discovered and reported.

**Challenge:** The owner alleged that the insured's work caused the sewage backup that ultimately resulted in mold and e-coli in the restaurant. The investigation revealed that the insured incorrectly installed the plumbing. Remediation done by a third-party contractor exacerbated the damages and led to an errors and omissions (E&O) claim against it. Damages alleged by the owner included a mechanic's lien and totaled $1.5M:

- Property damage, including loss of use from the mold and bacteria
- Cleanup costs for mold and bacteria remediation
- The insured's General Liability carrier contributed to the settlement
- The remediation contractor's E&O carrier contributed to the settlement

**Resolution:** Legal Fees: $54K Indemnity: Settlement of $225K

## EXAMPLE 4

**Type of Coverage:** Contractors Pollution Liability

**Cause of Action:** Environmental Damage. Release of Diesel Fuel

**Type of Insured:** Project Contractor

**Facts:** The insured was hired to develop a multi-family residential/commercial complex. During construction, a subcontractor struck a 350-gallon diesel fuel AST with a boom-lift, releasing at least 100 gallons of fuel.

**Situation:** The released fuel entered a utility trench and migrated to a stormwater detention system. The incident was reported to the state environmental agency.

**Challenge:** The cleanup is required by the state to protect human health and the environment in accordance with environmental laws. Damages from the spill include: cleanup costs requiring soil excavation and disposal, vacuum trucks and free-product disposal, and mitigation efforts to prevent further off-site contamination migration.

**Resolution:** Indemnity: Cleanup costs and property damage over $700K

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