

## Claims Examples – Contractor’s Pollution Liability

The Contractor’s Pollution Liability policy is a component of insurance coverage that is essential to contractors and trades people, as it provides a full range of protection not covered by the CGL. Below are a few examples that will demonstrate how valuable this coverage is.

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### **Development of mould from water intrusion**

A trade contractor was hired to excavate and replace a drain tile system at a residential property. Several months later, the owners of the property noted a moisture problem and mould growth in various areas of the basement. Damages were significant since mould had developed throughout the entire basement. Plaintiffs sued the trade contractor.

The contractor’s CGL policy did not respond to this type of claim since mould is specifically excluded in most CGL policy forms. The contractor was out of pocket for both defense costs and indemnity.

If the trade contractor had a Premier CPL with Mould Endorsement, there may have been coverage for this claim. \*

### **Failure to Detect Oil Tank – Excavation**

An excavation contractor was hired to excavate for a new foundation as part of a building addition. The excavator hit a below ground oil tank. The damage was not discovered at the time. The tank leaked slowly over time and it was only 4 years later that it was discovered. The property owner filed suit against the excavation contractor.

The contractor’s CGL did not respond to this claim on the basis of the Pollution Liability exclusions (many CGL forms exclude all pollution, or at the most provide coverage strictly on a sudden and accidental basis and the pollution was not discovered within the time frame). The contractor is incurring significant defense costs in a very large and drawn out legal action.

If the contractor had a Premier CPL, there may have been coverage for this type of claim. \*

### **Asbestos Encountered During a Renovation**

A contractor was hired to perform a demolition/renovation to a building. During the work, the contractor encountered and disturbed asbestos. Plaintiff alleged that asbestos was removed in a negligent manner, resulting in dangerous pollution condition, as well as loss of property value and rental income. Legal action was advanced against the contractor.

*\*Coverage is subject to the policy terms, conditions and exclusions – please refer to policy documents. This document is produced strictly to illustrate where coverage may be afforded by way of example – specific circumstances may alter the availability of coverage.*

The contractor's CGL did not cover this loss on the basis of the Asbestos exclusion. The contractor is incurring significant legal costs in an action that is taking years to resolve.

If the contractor had a Premier CPL, there may have been coverage for this type of claim. \*

### **Clean up costs at a construction site**

A general contractor was hired to build an addition to a hospital. The contractor left the project overnight without properly affixing a tarp over the structure. It rained heavily overnight and the contractor was unable to return to the project for several days. As a result, a significant amount of mould developed. There was no property damage, but mould clean-up costs were in excess of \$100,000.

The CGL policy does not provide coverage for mould clean-up costs, and the contractor was on his own for all the costs.

If the contractor had a Premier CPL with Mould Endorsement, there may have been coverage for this type of claim. \*

### **Waste spill results in Clean up costs and Property Damage**

A contractor was hired to pick up a tanker containing waste oil. While it was being lifted onto his truck, a large spill occurred. The waste seeped into various sections of the asphalt and down into the soil underneath. Ultimately, sections of the asphalt required replacement, and there were significant clean up costs for the soil contamination.

The CGL does not provide coverage for clean-up costs nor any property damage due to a spill of waste material, and the contractor suffered out of pocket expenses to clean up the contaminated soil and to replace sections of the asphalt.

If the contractor had a Premier CPL, there may have been coverage for this type of claim. \*