



TONRY TOPICS

Pollution Liability: Don't Get Stuck with a Yucky Claim

Last month we discussed often overlooked coverages for construction professionals. Our team wanted to explore one of these overlooked coverages in more detail: Pollution Liability.

Contractors may be surprised to know that commercial general liability policies exclude most pollution events.

What is defined as a pollution event?

Most commercial general liability policies define it as “arising out of the discharge, dispersal, release or escape of smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids or gases, waste materials or other irritants, contaminants”.

Pollution Liability coverage will protect you from third party claims for bodily injury, property damage and environmental damage at, on, or originating from an insured site. It also covers

cleanup costs for pollutants discovered at a site, emergency response expenses, business interruption expenses because of a pollution event, as well as claims from transporting waste materials from a worksite.

What are examples of how this coverage could help you?

- **General Contractor:** You are burning material from a project site releasing chemicals into the air. The wind blows particulates a quarter mile to a new car dealership where the particulates corrode paint on numerous cars. Total loss of \$300,000 in damages and repair costs. (*Claim scenario courtesy of Daniel Drennen, Amwins Brokerage in Birmingham, AL*)
- **Roofing Contractor:** You are replacing the roof on a commercial building one phase at a time. A tenant of the building alleges that chemicals from the roofing tar circulated into their office space through the HVAC system and caused employees to become nauseous and light-headed. The tenant shuts down the office for a period of time and demands that the owner of the building compensate them for various losses. The owner settles with the tenant and withholds the amount of the

What Contracting Activities are Highest Risk for Pollution?

High	Medium	Low
<ul style="list-style-type: none"> • Drilling or any subsurface work • Moisture protection (roofing, sealants, and siding) • Site/dirt work (excavation, paving, landscaping, and digging) • Mechanical, electrical, and plumbing • Environmental services/work • Demolition • Any building envelope work 	<ul style="list-style-type: none"> • Drywall • Doors and windows (doors, frames, hardware, glass) • Curtain wall • Concrete 	<ul style="list-style-type: none"> • Wood and plastic • Structural steel • Masonry • Flooring • Painting • Electrical • Specialties (markerboards, toilets/accessories and lockers) • Furnishing • Equipment (kitchen, theater, library, and athletic) • Conveying systems

• Table Source: [Contractors Pollution Liability Update \(irmi.com\)](https://www.irmi.com/articles/expert-commentary/contractors-pollution-liability-update)



settlement from their payment to you. (*Claim scenario courtesy of The Hartford.*)

- General Contractor: During construction, a subcontractor strikes an above ground storage tank with a boom-lift releasing 100 gallons of fuel. The released fuel enters a utility trench and migrates to a stormwater detention system. The incident is reported to the state environmental agency. (*Claim scenario courtesy of The Hartford.*)

Pollution Liability policies typically start at a minimum premium of \$1,000. That \$1,000 is a small chunk of change compared to the potential costs of remodeling a home, paying for business interruption expenses of a third party, or paying for legal costs if brought to court.

It never hurts to hope for the best and prepare for the worst. Contact us at Tonry Insurance Group if you are interested in learning more.

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