



Pollution Liability Coverage Considerations



True Pollution PAC is proudly endorsed by The New Jersey Land Improvement Contractors of America



TRUE & ASSOCIATES
Insurance and Surety

Protection for the unexpected.

Contractors face many pollution risks stemming from operations at their job sites. These include contaminated soil disposal and the accidental release of fuel oil, chemicals and toxic gases from broken pipelines, utilities, and stationary and mobile fuel tanks. True Pollution PAC helps protect a wide range of pollution risks associated with construction projects.

Premium Targets Stated 12-month Contract Revenue

Policy Limits	<\$1M revenue	<\$2M Revenue	<\$3M Revenue
\$1M/\$1M Limit	\$1,500- \$2,150	\$2,550- \$3,285	\$3,300- \$4,300
\$1M/\$2M Limit	\$1,800- \$2,500	\$3,050- \$3,800	\$4,000- \$5,200

Plus applicable state taxes and fees; includes \$150 policy fee

Requirements

- Contractor with Gross Annual receipts within the next 12 months that will not exceed \$5M*
- Eligible Contractor Classes including Excavating, Grading, Paving, Landscaping, Wetland Development, Site Preparation and Drainage Systems
- Satisfactory conformance with environmental eligibility criteria

*Contractors with annual revenues over \$5M will be eligible for similar coverage but quotes will be obtained through insurer's underwriter. Coverage will be tailored to needs.

Minimum Premiums

For a one-year policy for \$1M per incident and aggregate limit at a \$10k deductible - \$1500 plus applicable state taxes and fees; 25% minimum earned.

Key Enhancements

- Silt and sedimentation included as a pollutant
- Exception to the Professional Liability Exclusion for "all means and methods"
- Defense Outside the Limits
- Blanket 1st and 3rd party pollution related to transportation activities
- Broad non-owned disposal sites language, with no scheduling required
- All accounts will include certified TRIA Terrorism coverage
- Crisis Management

Additional Program Highlights

- Per occurrence limits of \$1 million
- Aggregate policy limits to \$1 or \$2 million
- Default deductible of \$10,000
- Occurrence cover trigger
- Integrated emergency response costs
- Fines and penalties except criminal activities
- Automatic additional insured status for clients where required by contract
- Service of suit allowed in any court of competent jurisdiction in the United States

Noteworthy Claims Examples

1. Street and Road Contractors

Claim denied for a street/road contractor that was subcontracted to pave a parking lot for a new commercial structure. At the end of the day, the tack coat was sprayed onto the sub-base prior to paving. During the evening, a major thunderstorm caused the tack coat to wash off and flow into a nearby stream. The general contractor withheld the subcontractor's payment. In turn, the subcontractor filed a claim with its insurance company to recover lost revenue. The insurance company denied reimbursement based on the absolute pollution exclusion under the general liability policy.

2. Street and Road Contractors

Ruptured Pipeline: a street/road contractor was subject to cleanup costs and business interruption expenses in excess of \$500,000 when they ruptured an unmarked petroleum pipeline. The contents were released into the subsurface soil and groundwater because of the contractor's inadequate response to the rupture.

3. Excavation Contractors

A construction manager's excavation subcontractor ruptures a line carrying petroleum products while excavating at a project site. Because the subcontractor was working after hours, considerable contamination spread before the line was shut down and the product contained. The combination of cleanup costs and emergency response resulted in millions of dollars in damages.

4. General Contractors

Contaminated Soil-A residential contractor unknowingly spread petroleum contaminated soil across a project site during fill operations for a housing project. The contractor was named in a lawsuit for exacerbating the extent of contamination. After lengthy deliberations, the contractor spent \$250,000 in cleanup costs and defense.

5. General Contractors

A general contractor dropped a piece of heavy equipment from a crane onto a pipe of a hydrofluoric acid tank. Acid vapor emissions forced the evacuation of over 3,000 residents, many of whom were treated for respiratory illnesses. To date 4,500 claims, totaling over \$10 million for bodily injury, property damage, and lost profits and emergency response costs have been filed against the contractor.

6. General Contractors

While performing building renovations, a general contractor used gas-powered generators and equipment. The contractor failed to properly vent or contain emissions from the equipment during operations. Employees working in a nearby area of the building complained of headaches, nausea and respiratory problems. The results of an air quality study concluded that the increased carbon dioxide levels in the building resulted from the construction equipment. The contractor was liable for causing building-related illnesses that resulted in 30 bodily injury claims totaling \$100,000.

7. HVAC & Mechanical Contractors

Lead Dust Contaminant Building - A mechanical contractor removed lead-based paint from a commercial building. The contractor isolated the work areas with containment, but the HVAC system was not disconnected. Dust generated from lead removal operations clogged the heating coils in the building's HVAC system. The contractor was required to replace the HVAC, as well as pay for business interruption claims totaling \$150,000.

8. HVAC & Mechanical Contractors

Toxic Fumes Released Into Community - A mechanical contractor was repairing an ammonia line at a food warehouse located in the center of town. A valve failed during operations and released over 60 pounds of ammonia into the facility and surrounding community. Over 1,000 people reported medical conditions. The loss was over \$350,000 due to bodily injury and business interruption.

9. HVAC & Mechanical Contractors

A St. Louis jury ordered a heating and cooling company to pay \$786,000 to homeowners who blame the company for mold that ruined their house and their belongings. St. Louis lawyer Kevin J. Marquitz bought the newly built home at 2122 Franz Park Lane three years ago and first noticed four small dots of mold on a dining room wall two years ago. He tried to find the source of the problem, seeking opinions from Scott-Lee Heating Co., which installed the air conditioning unit, his insurance company, a roofing company, a plumbing company and the air conditioner manufacturer, according to a court filing. Following an inspection, the plaintiff alleged, that they had found: missing insulation and rusty ductwork. This resulted in the house becoming infested with mold, and the only way to get rid of the mold was to demolish the house.



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