

# BEACON



**HILL**  
ASSOCIATES INC  
ENVIRONMENTAL INSURANCE

## Claim Scenarios For Packaged Environmental Coverages

*Following are a series of claim examples provided to us by our insurance companies. These represent actual environmental claims they have seen. While the coverages we offer are designed to address these general issues, we make no guarantee or warranty that any individual policy we offer your client will respond to all issues as described herein. Please refer to the actual policy wording in each offered form to determine coverage applicability and acceptability.*

- **Environmental Services Industry-Cross Contamination**-An environmental consultant provided plans and specifications for the installation of monitoring wells at a contaminated facility. Contamination had seeped from the ground surface into a shallow aquifer. Following installation of monitoring wells, sampling showed evidence of contamination in both the shallow aquifer and in a lower lying aquifer. The facility owner filed a claim against the consultant, alleging that well placement (location and depth) was responsible for the cross-contamination of the lower lying aquifer. The settlement amounted to \$250,000.
- **Environmental Services Industry-UST Discovered**-An environmental consultant performed a Phase I Site Assessment at a site that had been used previously for industrial purposes. The consultant submitted a report stating that negligible contamination had been found. The property was subsequently sold. During excavation, an unregistered leaking underground storage tank (UST) was discovered on the site. The property developer sued the consultant for \$1.2 million for remediation expenses, lost profits, and diminution in value.
- **Mechanical Contractors-Fuel Release**-While a mechanical contractor was repairing leaks on fuel lines at a shipyard, an unknown party opened the valve that separated the inactive lines under repair from the active lines. Fuel began to flow through the lines under repair, releasing 3,500 gallons of gasoline. The cost to clean up soils and groundwater contaminated by petroleum hydrocarbons was \$500,000.
- **Street & Road Contractors-Claim Denied**-A street/road contractor 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 was responsible for cleanup costs, which exceeded \$200,000. To recoup these costs, 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.
- **Environmental Services Industry-A family-operated gas station** hired a Storage Tank contractor to remove two underground storage tanks and associated contaminated soil. During the course of storage tank removal, the contractor's backhoe hit a natural gas pipeline causing an explosion. Third parties filed bodily injury claims against the contractor, as well as the owner whose building was destroyed in the explosion. Claims exceeded \$2.5 million.
- **Lead Poisoning**-A residential contractor renovated the interior of a residential house built in the 1950s. The renovation involved paint removal from interior walls, window trim and door jambs. During the course of renovation, the contractor used a plastic barrier to seal the areas where he was working. The homeowners continued to occupy the house during renovations. Additionally, the wife was six months pregnant. Renovation was finished prior to the birth of the baby; however, upon birth, the child tested positive for blood lead poisoning. After investigating the source of the lead, the couple sued the contractor for bodily injury as well as potential loss of future wage potential (due to a possible decreased IQ level for the baby) in the amount of \$500,000.

Tollfree 800-596-2156  
Fax 434-979-8964  
email [info@b-h-a.com](mailto:info@b-h-a.com)  
Website [www.b-h-a.com](http://www.b-h-a.com)

Mailing address:  
P.O. Box 1532  
Charlottesville, Virginia  
22902-1532

Physical address VA:  
321 E. Main Street, Suite 300  
Charlottesville, Virginia 22902  
800-596-2156

Physical address GA:  
8014 Cumming Highway  
Suite 403-276  
Canton, GA 30115  
800-381-2836

dba in California as  
Beacon Hill  
Insurance Services  
License # 0C84253