

CONSTRUCTION

# CLAIMS Solutions

## Defective Pipe Causes Mold at Senior Living Community

When a pollution release, spill or other incident occurs, you want to make sure you have the carrier with the most experienced environmental claims counsel and technical consultants handling your claim. XL's Environmental group has 25+ years of environmental expertise. Our environmental claims staff has experience responding to and remediating pollution incidents as well as expertise in managing environmental litigation and interacting with regulators.

*The information contained herein is intended for informational purposes only. Insurance coverage in any particular case will depend upon the type of policy in effect, the terms, conditions and exclusions in any such policy, and the facts of each unique situation. No representation is made that any specific insurance coverage would apply in the circumstances outlined herein. Please refer to the individual policy forms for specific coverage details.*

*"XL Insurance" is the global brand used by XL Group plc's (NYSE: XL) insurance companies. Coverages underwritten by Greenwich Insurance Company, Indian Harbor Insurance Company, XL Insurance America, Inc., XL Specialty Insurance Company and XL Insurance Company Limited—Canadian Branch. Coverages not available in all jurisdictions*

0-153-3\_5/2010

### THE CLAIM

An XL insured general contractor was hired to construct a senior living community that included two residential towers, plus a care center and parking garage. Upon project completion, excessive moisture and mold growth were discovered in the care center. The moisture and mold problems were severe enough that occupants of the care center had to be relocated. The situation was remediated and the care center was reconstructed under a multi-million dollar change order. Water infiltration was initially believed to have come from a defective pipe penetration created by the mechanical contractor. The owner filed suit alleging over \$50 million in damages related to project delay, project defects, and mold.

### THE RESPONSE

XL worked closely with the insured and its various insurance carriers to assess the allegations, policies and coverages available. The allegations and damage amounts changed and escalated throughout the claim handling process, reaching \$100 million. XL worked with and defended the insured throughout the process. It was ultimately determined that all of the policies except XL's Environmental policy contained mold exclusions.

### THE SOLUTION

Our insured general contractor was ultimately liable for the actions of their subcontractors which included liability for the mold portion of the claim. XL made a timely policy limit payment of \$5 million for mold damages, in conjunction with payment by the insured's general liability carriers for construction defect claims, resulting in a total settlement of over \$50 million.

For more information on how XL can help you manage your exposures, please contact your environmental underwriter or Sales & Marketing at:

**800-327-1414**

[www.xlinsurance.com/environmental](http://www.xlinsurance.com/environmental)



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