



ENVIRONMENTAL EXPOSURES

Street and Road Contractors The liabilities associated with environmental exposures can devastate your business. Environmental claims are costly and time-consuming. They can range from business interruption to bodily injury, property damage and cleanup expenses. Because pollution losses are low-frequency, high severity events, your bottom line will be severely compromised if you do not have adequate protection.

Protect your business by understanding your environmental exposures and how the XL Insurance companies can help you effectively manage your risk and protect your bottom line.

COMMON ENVIRONMENTAL EXPOSURES FOR STREET AND ROAD CONTRACTORS

Street and road contractors – through operations, owned premises, transportation and disposal practices – face a number of environmental exposures that could devastate a profitable business:

OPERATIONAL EXPOSURES

- Disturbing naturally occurring asbestos and silica
- Release of oils/fuels as a result of vandalism
- Site preparation/excavation work through pre-existing contaminated soil (e.g., petroleum contamination from fuels)
- Residual lead from leaded gasoline and lead chromate (the pigment in paint used to line the roads) on the sides of roads
- Spills of chemicals and fuels (e.g., mobile refueling tanks, etc.) brought on site
- Contamination caused by lubricant oils and other fluids from field equipment
- Release of fuels/primer oils/tack coat as a result of over application
- Contamination resulting from faulty application of asphalt
- Groundwater contamination resulting from drilling and excavation work (e.g., dewatering operations, etc.)

OWNED PREMISES EXPOSURES (BATCH PLANTS, MAINTENANCE SHOPS, QUARRIES, ETC.)

- Leaking underground/aboveground storage tanks
- Silica exposure resulting from abrasive activities such as blasting, drilling, etc.
- Residual contamination from minor spills of oils, fuels, lubricants, etc., and poor housekeeping
- Surface contamination from fuels and lubricants stored improperly (without secondary containment)
- Unidentified pre-existing contamination from past owners

TRANSPORTATION EXPOSURES

- Spills of asphaltic cement during transport
- Pollution resulting from collisions with various structures (e.g., pole-mounted transformers, aboveground tanks, etc.)
- Fuel/oil spills/ leaks from vandalism

This list is intended only to outline some typical environmental exposures common to street and road contractors and is not all-encompassing.

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CLAIMS SCENARIOS INVOLVING STREET AND ROAD CONTRACTORS

The following examples demonstrate some of the many ways in which street and road contractors can incur environmental liabilities.

Sandblasting Causes Lead Contamination

A subcontractor working for a street/road contractor performed abrasive sandblasting on a bridge located near a residential area. Lead paint chips and dust from the sandblasting became airborne and migrated onto residential properties, requiring cleanup. The residents filed property damage claims against the street/road contractor for the dust generated by the subcontractor. The claims totaled \$400,000.

Rainstorm Washes Tack Coat Into Nearby Stream

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 rainstorm 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.

Vandals Cause Fuel Release

A street/road contractor was subject to \$35,000 in cleanup costs after vandals opened an on-site mobile refueling tank. Approximately 250 gallons of diesel fuel were released to virgin soil. Fortunately, the groundwater was not impacted by the release. This helped to control the cost of the cleanup.

De-Watering Operation Exacerbates Groundwater Contamination

A street/road contractor was constructing a road in an area where the water table was extremely shallow. This required the contractor to perform de-watering operations. After wells were drilled and groundwater was extracted, the contractor smelled petroleum in the groundwater being extracted. A leaking underground tank near the project site had impacted the groundwater. The contractor was required to clean up both the soil and groundwater because he had exacerbated the extent of contamination by pulling the contaminated groundwater underneath the site during the de-watering operation. The total costs of the cleanup exceeded \$100,000.

Ruptured Pipeline Results In \$500,000 Cleanup

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 soils and groundwater due to the contractor's inadequate response to the rupture.



Construction Activities Impact Pristine Waterway

A street/road contractor was required to pay for cleanup costs when inadequate erosion control measures implemented during construction of an abutment for a highway overpass resulted in petroleum-impacted sediment deposition into a pristine waterway. The final cleanup costs exceeded \$150,000.

**Local Wetlands Impacted by Highway
Construction Activities**

A street/road contractor was lifting barriers when a crane overturned and spilled hydraulic oil into the wetlands adjacent to the highway. The State DEP responded to complaints of oil on the water as well as water fowl coated with oil. The contractor was responsible for paying over \$650,000 in response costs and wetlands restoration.

The examples above are intended to illustrate the wide variety of environmental exposures faced by street and road contractors. 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 above examples. Please refer to the individual policy forms for specific coverage details.

ABOUT XL INSURANCE

The environmental unit of the XL Insurance companies focuses on the construction and environmental services industries, providing our clients with *integrated environmental risk management*[®] solutions. With unparalleled technical expertise and knowledge, the XL Insurance companies provide clients with integrated underwriting, loss control and claims management services.

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