

Environmental Risk Overview



Demolition – Non-Structural

Demolition operations including structural dismantlement, site clearance, salvage, environmental remediation and industrial recovery can cause conditions that lead to environmental exposure. The dismantling and removal of building materials can create hazardous dust or inadvertently disturb existing asbestos, lead or mold within the structure. This could expose third parties to hazardous and disease-causing materials. Demo work may also impact utilities or building systems that can cause leaks that impact soil, groundwater and air emissions. Hazardous materials may also be present in waste collected at the job site and require special disposal procedures. Improper handling and transporting of hazardous waste can create additional environmental liability.

Environmental Exposures May Include

- Removal of wallboard, insulation and other dry building materials can release dusts containing a large variety of contaminant-containing particles/substances that are allergenic or disease-causing, including crystalline silica and asbestos. Often referred to as fugitive dust, emission from demolition operations may escape from the protected area or contaminate existing ventilation systems where building occupancy exists and become respirable to third parties, exposing the contractor to tort liability.
- Demolition contractors may remove or encounter asbestos in many applications in residential, commercial and industrial properties, including ceiling and floor tiles, heating duct insulation, thermal pipe insulation and roofing materials. During demolition, existing asbestos could be disturbed and inhalable fibers could be released and expose third parties to serious health hazards or fatal diseases such as asbestosis, lung cancer, mesothelioma and other cancers.
- During demolition, mold can be encountered in non-visible areas such as in insulation materials, attics/roofs, conduit traces, crawl-space conduits, basements, behind wallboard, under carpeting, in pump or filter housings and in piping/duct runs. When mold-impacted areas are disturbed, small spores and fragments are readily released. Without careful containment and cleanup, these mold particles will disperse further and expose building occupants. Exposures may result in respiratory allergies and asthma. The worst manifestations will result in flu-like symptoms, complications of chronic obstruction pulmonary disease (COPD) and severe toxemia. Failure to identify, dry or remove all moisture impacted building materials allows for continued or subsequent mold growth. These may lead to additional property damage and health issues.
- Lead can be found in piping systems and lead-based paint on the interior or exterior of a structure to be demolished or salvaged. Lead particles could be released, exposing third parties. Lead exposure can be by inhalation or ingestion, and when absorbed into the body in high enough doses, it can be toxic. Overexposure can cause acute encephalopathy (a condition affecting the brain that develops seizures), comas or death from respiratory arrest.
- Demolition activities can impact utilities, like electrical transformers, gas lines, water and sewage pipes, and above and below-ground tanks such as fuel and septic tanks. The accidental release of fuel oil, chemicals, toxic gases or sewage from broken pipelines, utilities and stationary and mobile tanks can contaminate soil and ground water and release hazardous air emissions.
- Hazardous waste requires proper handling and disposal procedures. When collected at a job site, it must be properly segregated, or it can accidentally get mixed with non-hazardous waste and be improperly disposed. When an investigation for improper disposal occurs at a disposal facility, it can result in potential liability for all parties that manifested waste to the facility. Waste container breaches or improper handling of hazardous waste may also result in releases during loading and unloading operations and during transportation to and from the job site to a disposal facility.
- Hazardous wastes commonly found in demolition projects include asbestos-containing materials, lead-based paint, lead pipe and solder, fluorescent tubes and bulbs, mercury switches and thermostats, paints, solvents, pesticides, PCB-containing transformers or light ballasts, PCB-containing paint or caulking, radionuclide-containing smoke detectors and exit signs and refrigerants from air conditioning units.

Contractors Pollution Liability Can Provide Coverage For

- Contracting operations done “by or on behalf of” the insured
- Contracting operations performed at a job site
- Third-party claims for bodily injury and property damage
- Third-party claims for cleanup
- Defense of third-party claims
- Asbestos and Lead
- Mold, fungi, bacteria and viruses
- Non-owned disposal sites
- First and third-party transportation pollution liability
- First-party emergency response costs
- Natural resource damage
- Silt & sedimentation
- Sudden and accidental coverage for owned/leased locations

Claims Scenarios & Examples

- A demolition contractor was removing lead-based paint from a commercial building. Though the contractor isolated the work areas with containment, the HVAC system was not disconnected. The dust from lead removal clogged the heating coils of the building's HVAC system. The contractor was liable for replacing the HVAC system and the associated disruption of business in the building. Claims totaled \$550,000.
- A demolition contractor hired to dismantle a bank vault located in a multi-tenant building used torches to remove the vault. Because of the demolition work, a medical clinic located on the floor above the bank vault had to be evacuated due to dust and fumes emanating from the ventilation system. Claims were filed for bodily injury, property damage and business interruption.
- A demolition firm, has been ordered to pay the state civil penalties for the company's alleged improper removal and disposal of asbestos-containing waste at a number of facilities.
- During demolition activities, an unknown heating oil tank was punctured. Residual heating oil was still located within the tank and was released when the tank was punctured. Due to sandy soils and a shallow groundwater table, the oil was able to spread quickly. Although the tank was only 500-gallons, the clean-up became very involved due to the required excavation of impacted soils and the regular monitoring of groundwater until closure could be granted by the environmental regulators.
- A demolition contractor performing tear out work for a building renovation unknowingly removed materials containing asbestos. The Environmental Protection Agency deemed that an emergency response to the release was necessary. A work stoppage was implemented until the removal, handling and disposal of the asbestos was completed.
- A worker died after suspected exposure to toxic fumes while removing equipment from an unoccupied warehouse. The worker was part owner of a debris-removal company contracted to remove mechanical equipment and scrap metal from the building. The man was exposed to toxic fumes, believed to be freon, that were released from air conditioning units inside the building. The cooling units were still pressurized, and several valves on the units had been opened, allowing gas to escape.
- Demolition workers accidentally started a fire at an old chemical manufacturing plant used to manufacture naphthalene, a chemical used for dry cleaning solutions. The workers were demolishing the building when the chemicals inside caught fire. It was a highly volatile chemical and luckily the fire department was able to put it out very quickly using foam. Officials feared that the foam and water used to extinguish the fire would mix with floodwaters and cause further flooding. The state's Commission on Environmental Quality was called in to handle the investigation and was concerned about ground contamination, which was part of their investigation.

Final Consideration

As a contractor you can be faced with the cost to defend yourself against allegations or legal action from pollution related events, regardless if you are at fault or not. Having the proper insurance coverage in place will help fund the expenses incurred to investigate or defend against a claim or suit and provide you with environmental claims handling expertise.

This environmental risk overview has been developed by Environmental Risk Professionals on behalf of J. Loos & Associates. It is intended to provide the reader with a broad range of potential risks they may encounter and may not reflect all risks associated with their business. To verify available insurance coverage, please consult your insurance representative.

© 2020 Environmental Risk Professionals



J. LOOS & ASSOCIATES
Daniel Loos
919-256-6860
daniel.loos@jloosins.com
www.jloosins.com