

Environmental Risk Overview



Dredging Contractors

Dredging removes sediments, rocks, plant, animal matter and manmade debris from waterways. Contractors performing dredging face significant environmental exposures. Excavated materials may be contaminated with known or unknown pollutants and require proper handling, containment, transportation, and disposal procedures. Pollutants can be dispersed from dredged material into a water body or can be spread to uncontaminated sediment areas or areas on land. Sediments and other dredged materials can be disturbed and migrate downstream. Operations can strike underground utilities causing a hazardous release.

Environmental Exposures May Include

- Underground utilities, such as pipelines carrying natural gas, crude oil or other refined petroleum products, and water and sewer pipes could be impacted during dredging operations. An accidental puncture could cause the release of toxic gases, crude oil, petroleum products, water, or sewage and contaminate surface water bodies, sediments, soils or groundwater resulting in clean-up costs, natural resource damages, bodily injury and third-party property damage claims.
- During dredging, containment measures must be employed to prevent migration of sediments or releases of contamination. Equipment malfunction, loss of collected material being transported to the surface, overflow of dredged material from transport vessels, or storm activity during dredging can result in releases of sediments or contaminated materials. These releases could result in impacts to marine life and coastal habitats and degradation of water quality downstream.
- Dredged sediments and materials are typically placed at another location on land for dewatering. Stockpiling of sediments could lead to runoff of fine-grained soil particles in surface runoff, which can impair proper functioning of stormwater drainage systems, cause ecological damage to surface water bodies and cause adjacent property damage. Unknown contaminated sediments could be collected in the dredging process and spread on land. Dewatering of contaminated sediments requires proper containment on land and requires proper treatment of water removed. Improper procedures or containment can cause additional environmental risks.
- Wastes generated from dredging operations may include contaminated water removed from dredged materials, the dredged sediments and other debris, and equipment oils or fluids from the dredging machinery. Waste generators are responsible to determine if their wastes are hazardous and require special disposal or recycling procedures. Improper segregation and disposal of contaminated or regulated wastes or mis-delivery of unidentified contaminated wastes can lead to environmental liability.
- Heavy equipment and mobile refueling tanks may be present during dredging activities. Air emissions can be generated from diesel-powered equipment. Releases of fuels, lubricant oils, and chemicals resulting from accidental spills or leaks or from vandalism can discharge pollutants into surface water, soil or groundwater, requiring cleanup.
- Fire is a common incidence on a dredge. Fuels or hydraulic oils on the dredging equipment can leak, and firefighting solutions such as water or foam could create contaminated runoff that results in environmental cleanup and tort liability.
- Dewatered sediments and debris, whether contaminated or not, can be transported to a treatment, storage, or disposal facility or to a site for fill. Transporting, loading and unloading of these materials requires proper containment measures to prevent fugitive air emissions and to prevent migration of contaminants and particulates in storm water. An accident or upset of a truck carrying sediments could result in environmental risks during transport.

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
- Natural resource damage
- Sudden and accidental coverage for owned/leased location
- First and third-party transportation pollution liability
- First-party emergency response costs
- Mold, legionella, bacteria and fungi
- Lead and asbestos
- Non-owned disposal sites
- Loading and unloading
- Silt & sedimentation

Claims Scenarios & Examples

- A dredging contractor struck a submerged propane pipeline, causing a fire and explosion. The shipping channel was closed for several days, and cleanup was required for diesel fuel spilled from a barge used as part of the dredging operations. Approximately 1,600 gallons of diesel were removed and 680 gallons of diesel fuel-water mix were skimmed from the water. The contractor was liable for emergency response costs, cleanup costs, and business interruptions claims.
- A dredging contractor was using suction to remove contaminated sediments from the base of a waterway. During dredging, the piping attachment to the pump broke loose, spilling the contaminated sediments back into the waterway, allowing the contaminated sediments to spread over a wider area of the waterway and impacting the water quality for a drinking water intake downstream. The water treatment facility had to implement additional measures to adequately treat the water. The contractor faced additional costs to dredge the larger area of contamination and third-party claims.
- Dredged soils contaminated with polychlorinated biphenyl (PCB) were dewatered and loaded onto covered dump trucks for transport to a landfill. Unbeknown to the driver of one of the dump trucks, the rear dump gate of his truck was ajar allowing soil to spill throughout the trip before being pulled over by the police. The soil spillage caused a road closure for several hours, and the dredging contractor was held responsible for the emergency hazmat cleanup of the soil.
- A dredging contractor struck a sewer pipeline located in a river bank, spilling sewage into the waterway. The water quality in the river was impacted, and tubing operator operations on the river were closed for several days until water quality improved. People tubing and fishing on the river at the time of the release filed bodily injury suits and tubing operators filed business interruption claims against the contractor.
- A dredging contractor excavated sediments from a waterway to increase its depth. The sediments were being spread on adjacent piece of land to increase its grade. It was later discovered that the sediments were contaminated with elevated levels of heavy metals. The owner filed a suit against the contractor for cleanup costs at the site.

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.

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