

Environmental Risk Overview



Industrial Cleaning Contractors

This sector covers a wide variety of cleaning contractors in the construction, manufacturing, heavy industrial, farm and food industries. They utilize specialized equipment and chemicals to clean factories, plants, warehouses and tanks, and they may respond to emergency spill situations. Specialized equipment, like hydro-cleaners, water blasters and vacuum trucks can pose environmental risk liability. Accidents or leaks of collected hazardous materials or contaminated wastewater can pollute sites or migrate to water systems. Many of the industrial cleaners and solvents used contain toxic materials that can create harmful vapors that impact third parties. Transportation and disposal of spent solvents and collected hazardous wastes can also pose environmental liability for contractors.

Environmental Exposures May Include

- Hydro-cleaning encompasses pressure-washing and hydro-blast application. Wastewater from these operations can create migratory pathways for contamination to flow on/offsite if recapture methods are not in-place or if the wastewater flows beyond recapture points.
- Wastewater generated at work sites from wet solution cleaning procedures can contain contaminants such as silts, detergents, oil/grease, solvents, pathogens, biohazards, molds and mold spores, bacteria, flame retardants and other toxic chemicals. Releases may damage a private septic system or drinking water well, site soils and/or groundwater. Releases to a storm water drain inlet or ditch may contaminant surface water and aquatic organisms and is illegal in most areas.
- Vacuum trucks are used to respond to spills and cleanups or collect, transport and dispose of many types of wet and dry material including sewage, wastewater, contaminated soils, sludge and chemicals to name a few. Accidents, spills or leaks during transportation and loading and unloading of any hazardous or contaminated materials could lead to cleanup and third-party liability. Improper disposal of materials collected by the vacuum truck could also result in environmental liability.
- Under the Resource Conservation and Recovery Act (RCRA) hazardous waste regulations, contractors are responsible for determining if their spent solvents are hazardous wastes and subject to hazardous waste requirements. If the solvents are hazardous wastes, they must be managed and disposed or recycled properly. Improper disposal could lead to cleanup and third party liability, and there may be legal consequences for violating the RCRA hazardous waste requirements.
- Industrial cleaners, scalers and solvents brought to job sites need to be properly handled. Cleaners or scale removal chemicals contain one or more acids, such as sulfuric, hydrofluoric, phosphoric or hydrochloric. Most solvents pose varying degrees of toxicity and may contain benzene, toluene, acetone, vinyl chloride, heavy metals, degreasers and disinfectants. Improper use and mixing of these cleaners could result in a violent reaction, corrosive damage or release of toxic vapors. Storage container breaches, or leaks and spills caused during the transportation to and from job sites and loading and unloading could create cleanup liability or runoff that can cause ground and water contamination.
- Failure to properly clean up surfaces and substances can expose people who live or work in the structure to health risks and further contamination in surrounding soil and groundwater. Cross contamination can also occur from residual pollutants left on surfaces or in spreading contamination to previously unaffected areas.
- Improper manifesting of contaminants including used motor oil, sediments, cleaning fluids and contaminated wastewater may result in disposal liability. While the generator is responsible for the waste, a contractor may also be held liable for improper manifesting and disposal. The act of removing, transporting and disposing of hazardous waste can make the contractor a co-generator and subject them to joint and several liability.
- Industrial cleaning contractors are often contracted to clean equipment and storage containers that contain hazardous materials. Improper cleaning procedures or handling and containment of materials inside of tanks, rail cars, silos and other storage facilities could result in the release of hazardous materials, toxic vapors or dusts that could impact soil, water systems and air emissions.

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
- Non-owned disposal sites
- Sudden and accidental coverage for owned/leased locations
- First-party emergency response costs
- Mold, legionella, bacteria and fungi
- First and third-party transportation pollution liability
- Loading and unloading
- Lead and asbestos

Claims Scenarios & Examples

- An industrial cleaning contractor was hired to clean a former petroleum storage tank. Plastic sheeting and an associated dike were placed to prevent runoff of contaminated rinse water but they were not properly placed, allowing petroleum impacted wash water to migrate onto a neighboring property. The leak caused the adjacent property owner to file a suit for property damage and remediation costs related to the contaminated wash water.
- Federal agencies stated an industrial waste and cleaning company failed to comply with certain requirements that are mandated for handling liquid industrial and municipal wastes. The permits in question require industrial waste facilities to document all discharge and monitoring activity as well as record the number of acres landspread on daily log sheets. Additionally, industrial waste facilities are required by law to control air emissions so as not to result in objectionable odors to nearby residences. Several tort actions were filed against the company, and as part of a settlement reached in the case, the company agreed to pay \$150,000 to resolve the state's allegations.
- Nearly 20 people were sickened in a housing project after an industrial cleaning company accidentally released a toxic chemical cloud while cleaning a sewage spill. Three workers attempted to disinfect a basement with lime, and when the lime reacted with water on the floor, it released corrosive fumes that knocked out two nearby residents.
- A food service cleaning contractor's sludge truck overturned, spilling 1,000 gallons of used cooking oil and grease which released onto the road and into a nearby creek. Water samples were collected as well as clean-up monitoring by the Department of Natural Resources.
- A vacuum truck exploded and sent 15 people to the hospital for burns and inhaling toxic fumes. Over 50 firefighters were called to the scene. A chemical substance was released after the initial explosion, causing various other explosions around the industrial yard.
- An industrial cleaning contractor vacuumed contents of large storage tanks at a chemical plant. In the process of venting the tanks, the contractor inadvertently pumped toxic gas into the space. Several of the facility's employees were overcome and died from the fumes.
- While cleaning out a rail car, a cleaning contractor accidentally released 3,800 gallons of liquid nitrogen. The contractor responded quickly, notifying state and federal agencies and worked to contain the spill. The incident resulted in significant damage. As part of a settlement reached, the contractor paid for remediation costs and in lieu of fines, agreed to pay \$40,000 into the attorney general's environmental protection fund.
- Residents living near an industrial barrel refurbishing plant sued the company, saying the facility belches noxious fumes over their homes, diminishing their quality of life as well as their property values. The plant refurbishes 55-gallon steel drums and large plastic chemical containers, cleaning them for reuse or recycling. The suit proposed to allow any residents with similar complaints in a one-mile ring around the plant to join the suit, which sought unspecified damages.
- An industrial cleaning contractor had a contract with the National Park Service to clean out storm water sewer system inlets, catch basins and oil-water separators on park service property. The contract provided that after the contractor cleaned the storm water sewer components of sludge, debris and wastewater using a vacuum truck, the waste material was to be transported to a landfill for disposal. Instead, a company foreman directed employees and subcontractors to empty the truck into a storm drain in a parking lot on National Park Service property, within a short distance of a river. The foreman further instructed employees to conceal their activity from Park Service officials and law enforcement. When two of the truck operators were caught in the act of discharging waste at the parking lot, the foreman told them to lie to law enforcement. The contractor had to pay for wetlands restoration and several Clean Water Act violation fines.

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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