



Insulation Contractors

Insulation contractors install, remove and repair material that maintain temperature in building structures, pipes, ducts and mechanical systems in residential, commercial and industrial settings. Many insulation products are made with materials that can release toxic fibers and/or are treated with chemicals that can emit hazardous vapors. These fibers and particles can affect building occupants and lead to third-party bodily injury liability. The installation, repair and removal work could also disturb existing asbestos and mold in the structure. Some older insulation contained asbestos, and improper containment, removal and disposal procedures could lead to environmental liability.

Environmental Exposures May Include

- Synthetic mineral fibers, including fiberglass and mineral wool are commonly used materials for insulation or to wrap new duct work. Fiberglass insulation is made of silica sand and recycled glass, and there are concerns it may also be carcinogenic. During installation, fibers and tiny particles can be released into the air and travel through improperly sealed duct work or through seams in walls and ceilings and impact building occupants. Fiberglass and mineral wool may contain phenol-formaldehyde which can off-gas and be potentially harmful to indoor air quality. Additional irritants can include emissions from glues, flame retardants or other additives. Irritation of the skin, eyes and upper respiratory system can occur.
- Cellulose insulation is mostly non-toxic, however there are concerns about certain chemicals routinely being applied to the cellulose as fire retardant that can be hazardous. Respirable particles can be released, and the chemicals can cause the corrosion of pipes, wires and fasteners. Certain conditions may also generate a dry dispersed plume of cellulose in air. Cellulose concentrations are highly likely to be explosive in the presence of energy sources such as hot motors, electrical arcs, flames, sparks etc. This is what is referred to as combustible dust. Accidents during handling or transportation of dry cellulose may result in an explosion that causes subsequent harm to property and persons present, and may trigger a release of additional pollutants that are properly contained.
- Transporting and disposing of insulation and chemicals used at job sites may cause additional third-party exposures and cleanup liability. During transportation, an accident or leak could cause release. The disposal of old insulation and waste chemicals may require special disposal procedures. Waste removed from job sites could contain hazardous materials, like asbestos. Hazardous waste that is not properly segregated may get mixed with non-hazardous waste and improperly disposed and lead to environmental tort liability and clean-up costs.
- Spray polyurethane foam (SPF) formulation is a two-part type of chemical system where Side A and Side B are combined together and mixed onsite during installation. The Consumer Product Safety Commission (CPSC) received complaints from homeowners after spray foam installation, including lingering odors, asthma, coughing, other respiratory related complaints, eye/throat irritations and headaches. The Side A consists mostly of highly reactive chemicals called isocyanate, and exposure can cause skin, eye and lung irritation, asthma and dermatitis. Both skin and inhalation exposures can lead to respiratory responses. Side B contains a blend of proprietary chemicals, and the catalyst is typically a toxic heavy metal and the flame retardant, which is an endocrine disrupting agent. Accidental rupture of the container, off-gassing after application or exposure to vapors, aerosols and dust during or after the installation process can impact the breathing space of the building and may potentially expose its occupants.
- During installation, repair or renovation, existing asbestos could be disturbed. Asbestos was used in some older insulations, including vermiculite and blown-in attic insulation, insulating cements and thermal insulation on basement boilers and pipes. Asbestos can also be found in areas such as wall cavities and ceiling or floor tiles. The cutting of block and pipe covering, and the mixing of insulating finish cements during installation, as well as the removal of asbestos insulation can cause a release of inhalable asbestos fibers that can deposit on other areas of the building and cause third party liability. The fibers can cause serious health hazards or fatal diseases such as asbestosis, lung cancer and mesothelioma.
- Existing mold can also be disturbed during installation, repair or renovation work. It could be found where water intrusion has occurred, resulting in exposure to mold or mold spores. When mold impacted areas are disturbed, small spores and fragments are readily released, and without proper containment and cleanup, these mold particles will disperse further and expose building occupants to health hazards.

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

Claims Scenarios & Examples

- A restoration contractor and their insulation subcontractor were sued for bodily injury due to mold. The contractors were hired to clean up and remediate a condominium complex after a water pipe ruptured and caused water damage to many suites. The claim was made against the contractors for failure to remove wet insulation. The tenants sought to recover remediation costs, re-insulation and hospital related expenses for exposure and ongoing air monitoring.
- Two companies and a contractor have been prosecuted for releasing asbestos fibers in an office building during re-insulation work. Investigators found the asbestos insulation in the contractor's van. The insulation was not properly contained and sealed. The property owner filed a civil suit.
- Two homeowners filed a defective products class action lawsuit against a spray foam company. The lawsuit contended that the company manufactured and installed toxic insulation that can harm property and cause adverse health problems in people exposed to the product. The lawsuit also alleged the SPF insulation contained aromatic isocyanate, which is classified as hazardous by the Occupational Safety and Health Administration (OSHA). Repeated exposure to aromatic isocyanate can cause respiratory injuries along with eye and skin irritation.
- RetroFoam insulation sprayed into attics and walls contained Urea Formaldehyde that is known to be toxic. When homeowners became sick they learned that the foam was off-gassing formaldehyde. The homeowner's attorney claimed hundreds of other homeowners in the area also had their houses retrofitted with RetroFoam insulation as part of an Eco Energy program. A class action suit was launched on behalf of 140 homeowners claiming RetroFoam and the insulation company knew or should have known the product contained Urea Formaldehyde insulation/UFFI.
- An insulation contractor was held liable for all clean-up costs associated with the removal of waste at a landfill where asbestos waste was illegally dumped. During an insulation project an employee of the contractor identified asbestos insulation in the boiler room and notified the owner, and they had hired a qualified disposal firm to remove and dispose of the waste. However, the insulation contractor placed the waste in green waste bags and disposed of them in a local landfill.
- The U.S. Department of Environmental Protection filed a civil lawsuit against an insulation contractor for improperly removing asbestos from a commercial building. The suit charged the contractor with removing approximately 3,000 feet of asbestos insulation from above-ground piping and tossing it onto the ground of a commercial building undergoing renovation. The contractor was to install new insulation and failed to notify authorities before the removal, according to the lawsuit, so no inspector was onsite at the time. The company also failed to wet the insulation to reduce air pollution during the process and to store it in leak-proof containers, as required by law.
- A federal judge ruled that a manufacturing company will face a consumer fraud class action lawsuit filed by a couple who alleged the spray polyurethane foam insulation (SPF) "remains toxic" after installation. In addition to the manufacturer, the certified installer was also named as a defendant in the class action. The lawsuit alleged the insulation was a health hazard to people living in homes that have the insulation. According to the lawsuit, class members have a significantly increased risk of contracting a serious latent disease due to the insulation, which had resulted in "off-gassing, damaging the real and personal property of plaintiffs and class members and/or caused personal injuries resulting in eye irritations, sore throats and cough, nausea, fatigue, shortness of breath, and/or neurological harm."

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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