

## CLAIM SCENARIOS

### PREMISES ENVIRONMENTAL COVERAGE (PEC)<sup>SM</sup>

#### **Remediation Expense and Defense Costs: \$1.25M+**

The owner of an industrial park was notified by the state environmental agency that it had received a complaint regarding groundwater contamination at a neighboring site.

They requested an investigation at the industrial park. The investigation indicated that a former tenant at the industrial park caused the contamination. The former tenant fought the allegation. The state ordered the owner to start remediation of the site. The owner then sued the tenant for recovery of remediation costs, and had to defend lawsuits from neighbors surrounding the industrial park. The investigation, remediation expense, and legal costs exceeded \$1.25M.

#### **\$1.25M+ Remediation Expense and Defense Costs**

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#### **\$45,000 Remediation Expense**

Small traces of legionella bacteria were found at a high school and the adjoining sports facility during a routine check. The school had to investigate and eliminate any risk posed by the low levels of bacteria that were found. The bacteria can cause a type of pneumonia called Legionnaires' disease. Contractors treated the water systems at both locations. A new cold water storage tank was installed temporarily at the school which served the adjoining sports center.

#### **\$1.1M Property Damage and Bodily Injury**

An ammonia gas leak was detected at a food processing and refrigeration warehouse which used the gas as a refrigerant. The release caused an evacuation of everyone within a one mile radius of the warehouse. There were inhalation related injuries to seventy-five people, and damage to food products loaded on trains for delivery. Five people were sent to intensive care for complications related to lung damage.

#### **\$12,000 Emergency Expense**

A drum of industrial paint was pierced by a forklift operator at a distribution warehouse. A hazmat team responded due to the noxious nature of fumes and the proximity of the spill to a floor drain in the facility.

#### **\$50,000 Remediation Expense, Liability and Defense**

A pallet of concrete cleaning compound, that was used to clean the pool deck, was spilled at an apartment complex. Muriatic acid injured over a dozen people and closed the pool area.

#### **\$900,000 Remediation Expense, Property Damage and Natural Resource Damage**

Waste oil was transferred to a tank at a bulk storage facility. The tank was over-filled and waste oil spilled into the secondary containment system. A valve in the secondary containment system was left open during a recent clean-out. The waste oil was released into the neighboring river. The spill impacted a marina, river, wetlands and wildlife. Losses included remediation expenses for emergency response on the river and property damage included the cleaning of boats and docks. Natural resource damages were also incurred for lost wild life and damaged wetlands.

#### **\$72,000 Emergency Response**

A fertilizer plant was damaged during a violent storm. A tank was blown over by high winds and knocked a valve off of an anhydrous ammonia tank. The release of ammonia resulted in a clean-up and response action by over seven government agencies and emergency responders. Residents in a two mile radius were evacuated around the plant due to fumes released into the air. The site owner is billed for the costs of the emergency response actions to stop and contain the release and conduct the evacuation.

#### **\$55,000 Remediation Expense**

A condominium association applied fertilizer to the common areas around the complex and it washed into the neighbor's pond. Costs were incurred to restore the pond.

#### **\$1.25M+ Mold Liability**

A tenant at an apartment complex alleged exposure to mold impaired their ability to function. Bodily injury claims included headaches, inability to concentrate, and difficulty breathing. The tenant filed a lawsuit. Defense costs were over \$1M and the settlement costs were over \$250,000.

### **\$10M Mold Liability and Defense Costs**

Due to mold exposure in a family's apartment, a child suffered an asthma attack and could not breathe. The child was left with brain injuries due to lack of oxygen. The apartment had a serious infestation of mold that the property manager ignored despite months of complaints. The owner was sued due to the child's bodily injury. The suit settled for \$9M and over \$1M was incurred in legal expenses.

### **\$6.6M Remediation Expense, Liability and Defense**

Vandals broke into a storage shed at a utility yard and stole containers of mercury. They dumped the mercury onto the lawn of a neighboring apartment complex. The mercury is tracked into the buildings by the tenants. Shortly thereafter they started to complain of nausea, vomiting and other symptoms. The complex was shut down for several months for remediation of the soil and decontamination of the buildings. The apartment owner spent \$6.6M on clean-up costs and faced lawsuits for bodily injury and destruction of personal property due to mercury contamination. The apartment owner sued the utility and waited years for trial and a settlement.

### **\$750,000 Remediation Expense and Business Interruption**

At a shopping center, the floor drains separated from the sanitary sewer lines. This was discovered during renovations. The defective sewer system caused the shutdown of renovation activities, remediation costs and loss of rental income.

### **\$1M Remediation Expense and Business Interruption**

A dry cleaner abandoned a retail space at a strip mall. They filed for bankruptcy and left behind perchloroethylene (PERC) contamination. The strip mall owner suffered business interruption costs in the form of lost rental income and costs to remediate the affected area.

### **\$150,000 Mold Remediation and Bodily Injury Defense Costs**

The tenants of an office building complained of illness. After testing the indoor air, it was determined that the illness was caused by mold that was circulated around the building in the air conditioning system. The building owner paid for mold remediation cost, bodily injury and defense costs.

### **\$65,000 Bodily Injury and Business Interruption**

A medical clinic is a tenant in a commercial office building. A release of gas occurs from the medical clinic that required evacuation of the building and caused lung damage to several third parties. Other tenants were unable to return to the building for several days while the situation was investigated and the site was approved for occupancy. The building owner paid claims for business interruption and bodily injury to third parties.

### **\$400,000 Mold Remediation Expense and Defense Costs**

Mold was discovered at a residential hall at a university. A student claimed she sustained a mold related illness. The university conducted a mold remediation. The mold remediation costs were \$150,000. The defense costs and settlement of the bodily injury claim due to the mold related illness was \$250,000.

### **\$3M Remediation Expense**

A university discovered that caulking used in a masonry building built in the 1960s contained PCBs. The PCBs were utilized to maintain caulking elasticity. Testing showed that the PCBs had migrated into the masonry and had become airborne in the class rooms. The PCB laden caulk has been remediated at a cost of \$3M.

### **\$150,000 Remediation Expense**

During the remodeling of a lab building at a college, sinks traps were removed and mercury was discovered. The college paid over \$150,000 in decontamination and disposal costs.

### **\$375,000 Remediation Expense and Bodily Injury Liability**

While working on a lab experiment, a student dropped a thermometer accidentally spilling mercury. Unaware of the imminent danger, the students treated the spill casually, causing the mercury to be tracked throughout the school on the bottoms of their shoes. The mercury vapors contaminated the building and students complained of nausea and headaches. The school paid \$250,000 in clean-up costs and \$125,000 for bodily injury claims.



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