



INSURANCE SOLUTIONS

## MECHANICAL, ELECTRICAL, PLUMBING (MEP) CONTRACTORS



From a construction perspective, all three trade contractors are inherent to a successful construction project.

Mechanical contractors engineer and install mechanical systems to be used in industrial, institutional, commercial, and residential project types. Their work will often also include plumbing. Professional services consist of designing mechanical systems which can include boilers, chillers, heating units, cooling towers, pumps, ventilation equipment, etc. Fabricating portions of the system is an engineering service as well. Many systems designed and installed are considered heating, ventilation, and air conditioning (HVAC) systems.

Electrical contractors tend to employ electrical engineers which design/engineer electrical systems for powering commercial buildings, public works, factories, plants, etc.

Plumbing contractors' professional exposure is usually not as great as mechanical; however, they can provide value engineering and field changes to design.

### **Contractor's environmental exposures for mechanical/HVAC/plumbing/electrical:**

1. If not installed correctly, air balancing of the system may be off (indoor air quality), which can lead to **mold**
2. **Fumes** from sealants, adhesives, and lubricants used in the installation may lead to a pollution condition
3. Accidental disturbance of **lead based paint and/or asbestos** within a structure
4. During installation, piercing a roof or wall causing **water intrusion**, which can lead to **mold**
5. **Mercury** or other harmful materials due to the accidental dropping of light fixtures
6. **Leaking** of oil, fuel, and hydraulic fluid from construction equipment during hauling
7. **Upset overturn** of a truck/trailers hauling construction materials/equipment
8. **Construction debris** from project site sent to a recycling/treatment facility
9. **Sudden and accidental spills** at the contractor's shop/location. Example: truck washing, equipment storage, above ground storage tanks, etc.

## **Professional exposure for mechanical/HVAC/plumbing/electrical:**

1. Incorrectly designed HVAC system, which can lead to not enough air circulation in a structure or incorrect temperatures within a structure
2. **Improper** pipe diameter for plumbing/utility projects
3. Water condensation build up due to **poor HVAC design**, which can lead to mold
4. Damage of equipment due to improper electrical design

### **Claim scenarios:**

- **Mechanical contractor liability: \$1.75M**

A refrigeration contractor was hired to upgrade the refrigeration system of a cold storage warehouse. An ammonia leak was caused by the failure of a valve in the system. Seventeen neighbors were hospitalized and business operations were interrupted from the shutdown of the warehouse. The contractor incurred \$1.75M in third party bodily injury, property damage, and defense costs.

- **Electrical contractor: \$250,000**

An electrical contractor was hired to design and install an electrical system for a new hospital wing. Within the wing, a new MRI machine was installed. In addition to wiring the new wing, the electrical contractor was responsible for the power supply for the MRI machine. The electrical contractor designed the power supply for the MRI machine with too much electrical power. At testing, the MRI machine received too many volts and damaged the machine. The hospital demanded \$250,000 for the repair of the MRI machine.

- **HVAC contractor: \$450,000**

An HVAC contractor was hired to design and install a new HVAC system within an office building. The HVAC contractor miscalculated the cooling needs of the building, resulting in \$450,000 in damages for replacement of the system, mold remediation, and relocation of the tenant during repairs.

PHLY E&S Solutions offers Contractors Environmental Professional Coverage (CEPC) for mechanical, electrical, and plumbing contractors. The form provides protection from contamination caused by contracting operations as well as negligent acts, errors, or omissions arising out of your professional services by or on behalf of the insured. Additional coverages built into the form: transportation, non-owned location (disposal), your insured location (premises), and full limits for emergency expense.

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