

Background on Lead Safe Contracting Risk Management

The combination of a new “toxic material” increasing chances of being sued without liability insurance is nothing new in the construction business, we went through that with water intrusion and mold work. However lead creates a new paradigm for plumbers, electricians and painters just to name a few trades that have a new risk management challenge. When these firms are hired as sub contractors they now need to provide the general contractor or site owner with specially designed Contractors Pollution Liability coverage for the owner to be protected as an Additional Insured by the contractor’s insurance. CPL insurance will be a new form of insurance coverage for many of these firms. In reality all the trades have needed CPL coverage for many years because they routinely encountered lead, and asbestos in their normal course of operations. Trade contractors could also create a water intrusion event in the built environment which will lead to mold growth on drywall with almost 100% certainty if the dry wall is not dried within 2 days. Because of universal exclusions for pollutants and fungus/bacteria there has always been a need for CPL insurance on any contractor working indoors.

Particular attention needs to be paid to asking for good quality CPL insurance from your trade contractors. We have a sample CPL insurance specification on our website at www.armr.net/CPLspecs.pdf. Particular attention should be paid to these specifications, it is not sufficient to simply request CPL insurance in a subcontract agreement. CPL policies. CPL policies were originally invented for Superfund hazardous waste and nuclear weapons facilities clean up contractors. It is not surprising therefore that many of the unmodified CPL policies sold today do not work very well for contractors wielding hammers in homes. Also CPL insurance should never be confused with job site pollution coverage which is sometimes provided in the General liability policy through a limited exception of the pollution exclusion. Job site pollution coverage on the GL is not the equivalent of Contractors Pollution Insurance and should never be confused, used or accepted as such.

The good news for renovation contractors and property owners is the insurance needed to address these risks was invented years ago. CPL insurance has been continuously available since 1987 and today thirty different insurance companies sell these policies for as little as \$2500. More recently modern insurance policies for contractors and owners include both Commercial General Liability plus Environmental liability insurance and will fill the coverage gaps created by asbestos, lead and mold exclusions in the GL.

Environmental insurance policies cover a broad range of potential pollutants including Chinese Drywall, another indoor pollutant of concern in addition to lead, asbestos and mold. Although it is unlikely Chinese drywall will be found in homes built before 2002, the same liability insurance policies designed for the renovators will work for the firms working with contaminated dry wall and mold. In fact if a firm has a good quality liability insurance package for any one of these contaminants the firm is likely to be adequately insured for work with all of them. Similarly if a firm is inadequately insured for one of these contaminants than they are likely to be uninsured for the others as well.

American Risk Management Resources Network, LLC is a wholesale insurance broker specializing in environmental risks. We offer a complete suite of insurance products specifically designed for contractors and owners in managing indoor environmental risks. For more information on our broad range of insurance products and risk management consulting services please contact us at 877-735-0800 or e-mail the webmaster@armr.net