



# UNDERSTANDING **CONTRACTORS POLLUTION LIABILITY**



Contractors Pollution Liability Insurance (CPL) protects you from pollution and asbestos clean-up costs. It also extends to related defence costs, and liability for injury and property damage.

This is an optional extra for your Single, Annual Construction Insurance and Contractor's Plant Insurance.

## **FAST FACTS**



The construction industry is ranked by the Environment Protection Authority as one of the sectors with the highest polluting potential.

## **PROTECTION FOR YOU AND YOUR BUSINESS**

These days, the spotlight is squarely on the environment. Legislation is ramping up, and public awareness and enforcement costs are on the rise. If your business is responsible for causing pollution, the impact on you can be costly.

CPL Insurance covers your business for unintended and unexpected pollution damage you cause. It's there for claims not covered by the pollution exclusion buy-back allowance in normal public liability policies.

## HOW IT WORKS

Here are some examples of what CPL Insurance would cover:

### Sewerage pipe defects causing pollution

A subcontractor improperly installed a sewer pipe, resulting in raw sewage migrating into the underlying groundwater and contaminating nearby residential properties.

Injury and property damage claims were filed against the contractor, and the builder had to indemnify third parties and pay defence costs exceeding \$425,000.

### On-site fuel tank leak causing pollution

A diesel fuel tank was delivered to the site. It was used for months before a resident alerted the earthworks contractor to discolouration of the water in the local creek. The tank turned out to have a leak in the base. Fuel had soaked into the ground and found its way into the creek.

The contractor put containment booms along the river bank, but clean-up of the contaminated soil and groundwater took months. Costs came to around \$500,000 and criminal prosecution and fines were considered.

### Asbestos disturbed on site requiring clean-up

An electrical contractor working on refurbishment of a second-floor tenancy stepped into a small hole cut in to the floor. His foot broke through the ceiling of the retail store below. Asbestos insulation within the ceiling void contaminated the tenancy below. Clean-up and reparation costs were around \$250,000.

## WHAT'S COVERED – AND WHAT'S NOT?

✓ Clean-up costs, defence costs and liability for injury and property damage arising from (even slow release of) pollutants.	✗ Pollution that you knew about, or could have foreseen as a problem
✓ Clean-up costs, defence costs and liability for injury and property damage arising from asbestos that is inadvertently disturbed on a work site	✗ Asbestos that was in-situ and undisturbed in any structure
✓ Mould with a \$50,000 limit of liability*	✗ Deliberate or wilful non-compliance with a law, notice by a regulatory authority

\* Depending on your region and risk.

## POLICY DETAILS

The endorsement wording provides the details, but these are the main things relating to a claim:

COVER	POTENTIAL BENEFITS
<b>Maximum indemnity</b>	You are covered up to the amount shown in your schedule or as agreed when you take out this insurance.
<b>Special deductible (excess)</b>	If you make a claim, you will need to pay the special deductible amount set out in your schedule.
<b>When you need to claim</b>	This cover is unusual in that claims must be made and reported during the period of insurance. Unlike the cover under the balance of the policy, you will not be covered if you make the claim after your policy expires, even if the incident took place while you were covered.



### GET IN TOUCH

If you're in construction, **talk to MECON Insurance today** about our unique range of insurance options that can extend your cover to provide the protection you need.

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This is general advice only. Please consider your own needs, financial situation and objectives and read the policy wordings available from [www.mecon.com.au](http://www.mecon.com.au) before deciding to buy this insurance.