



Claims – Scenarios & Warnings

Scenario: Contractor installs a tank system. 2 years later, a joint separates, causing a release.

Result: The joint is not covered, as it's "your work" which is excluded in all GL policies. The resulting pollution claim is covered by the pollution endorsement.

WARNING: Make certain that you and any subcontractors under you carry adequate pollution coverage with unlimited defense coverage and reasonable deductibles.

Scenario: Contractor installs a blender incorrectly, blending gas at the wrong percentages, causing economic loss to the station until the error is discovered.

Result: Professional coverage applies as it includes "money damages" since nothing was damaged (GL).

WARNING: Some professional coverages are not written with data liability coverage included.

Scenario: Contractor is tightness testing a tank and applies pressure instead of a vacuum, damaging the interstitial.

Result: The tank damage is not covered because unendorsed General Liability policies exclude coverage for items in their care, custody or control.

WARNING: Make sure you have an addendum for covered property or add a coverage under a bailee/floater policy. Further, watch out for any testing limitations.

Scenario: A former employee files suit claiming wrongful termination and past harassment in the workplace.

Result: The defense/legal coverage would be under an employee practices liability insurance (EPLI).

WARNING: General Liability policies typically exclude EPLI coverage. A separate policy is needed. The rise in these types of lawsuits is significant.

Scenario: Consultant hires an environmental driller and directs him where to drill test holes. The driller's employee hits a power line with his boom and the employee is electrocuted. Workers Comp maxes out and the employee's estate sues the consultant as they cannot sue the driller. The consultant has a signed contract with the driller to indemnify and hold them harmless along with added them as an Additional Insured.

Result: The driller's GL policy defends the consultant as per their contractual obligation because the policy carries no Action Over exclusion and the parties signed a proper contractual transfer.

WARNING: The absence of a contract could cause further lawsuits between parties not insured or at the very least angering a customer of yours. Always make sure contracts are in place to allow the insurance policies to work properly. Some GL policies exclude Action Over situations like this one. Be careful to know what type of policy you have!

Scenario: Contractor is working under a contract that stipulates penalties for not completing work by certain dates.

Result: Penalties are not covered under a GL policy and are business risks.

WARNING: GL policies do not cover breach of contract, warranties or workmanship.

Scenario: A company admin who handles vendor payments is emailed by someone posing as her boss. The email gives instructions to make payment to a new vendor. The admin questions the direction but the fraudulent party follows up with further directions.

Result: Two payments were made to the criminal party and never recovered.

WARNING: Most unendorsed cyber policies do not cover social engineering fraud. Make sure your agent and you discuss this coverage addition.

Scenario: Contractor has installed a tank and heavy rains cause it to float, causing damage to materials and increasing labor costs to repair the damage and start over.

Result: The GL policy does not provide coverage for this "your work" situation.

WARNING: An inland marine policy with water damage/flood coverage is needed for this scenario. These policies are hard to find with water coverage and the limits need review, as they can be too low if not addressed for your industry.

Scenario: *A service tech sparks a solenoid in a dispenser while performing a repair. The spark causes a fire injuring the tech, destroying the dispenser and damaging the canopy.*

Result: *Workers Compensation covers the injured tech. The dispenser is not covered by General Liability as the dispenser is under the care of the technician. The dispenser is covered by a properly worded/written inland marine policy. General Liability covers the canopy.*

WARNING: *As mentioned earlier, a contractor who works with expensive and interrelated fueling systems should never rely on the interpretation of a GL claims adjustor for what particular part was under their 'care'. Purchase an endorsed GL policy addressing this scenario or an Inland Marine policy manuscript to handle the limits necessary for your size/scope of work.*

Scenario: *A contractor replaces fuel system piping. It is later discovered a vent line fitting was not properly tightened. This fitting negligence allowed water to enter into the tank, causing damage to the fuel. Several vehicle engines are damaged from the fuel.*

Result: *The General Liability policy pays for the loss of fuel and the damage to the customers' vehicles. However, it does not pay the contractor for the labor to repair his work.*

WARNING: *It is important to understand the usefulness but also the limitations to all General Liability policies when making business insurance purchasing decisions. There are inherent limitations in all GL policies, regardless of the industry, carrier name or state written. Review these limitations with your agent as some are uninsurable and others are covered with the proper policies in place.*