

# Premises Pollution Exposure Examples

CHUBB



## Dry Cleaners Exposure

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Dry cleaners are regularly stand-alone locations or located in strip malls (or more commonly, they were a prior tenant at a strip mall before the current owner purchased the location — i.e. historic operations). These historic dry cleaning operations have led the industry in both pollution frequency and severity events.

A real estate portfolio owner/operator's tenant list did not identify any dry cleaners, however, a prior tenant in the 1990s was a dry cleaner. The dry cleaner had discarded their waste processed water outside the back door in a wooded area. The discarded waste process water contained chlorinated solvents, which significantly impacted the soil and groundwater in the area. The solvent contamination is discovered when a nearby property owner selling his parcel performs a Phase II Environmental Site Assessment on their property. The discovery and subsequent investigation of the solvent contamination is traced back to the retail strip center. This results in significant remediation costs, legal defense expenses, as well as third-party property damage.

## Out-Pacel Exposure

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The owner of a retail shopping center has a gas station situated at one of the center's out-parcels. The owner incurs first-party remediation costs resulting from a leak at one of the gas station's underground storage tanks. The petroleum contamination from the leak comes in contact with groundwater and migrates off-site. This results in significant third-party remediation costs and associated defense expenses.

## Photo-Lab Exposure

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An owner of a portfolio of strip malls acquires a property in the 1990s. When that facility was originally built, the contractor utilized clay pipes for the sewer system (which was quite common). One of the strip mall tenants is a photo processing lab. These labs used silver in the processing of film and their waste liquids were regularly disposed of through standard plumbing fixtures into the sanitary sewer system (i.e. prior to implementation of more modern environmental regulations.) Over time, the waste liquid caused degradation in the clay pipes, which resulted in cracks and releases both before and after the owners acquisition. The contaminated soil and groundwater are discovered during a routine check of the sewer system and result in significant remediation costs for the owner.

### **Mold Exposure**

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In a retail strip mall, the owner leases renovations are begun to customize the space. During the construction period, significant mold is found in the leased area due to prior water damage from a leaking pipe. This results in remediation costs to remove the mold, as well as business interruption caused due to inability of the owner to secure rent for the space during the remediation efforts for the mold.

The above example is very common. This would also apply at office locations, apartment complexes, and warehousing operations.

### **Unknown Past-Used Exposure**

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Commercial property was built in the 1970s on an unknown landfill, which had been previously closed in the 1940s. A grocery store chain at the site decides to expand their building. During the expansion activities, backhoes unearth waste and fill materials with strong chemical odors. This results in a halt of construction activities and a subsequent technical investigation of the site. Significant remediation costs and legal defense expenses are incurred, and bodily injury is suffered by third-party construction workers exposed to the chemicals.

### **Illicit Abandonment Exposure**

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An unknown third-party drops off methamphetamine lab waste in the parking lot of a shopping center at night. The next morning when the employees arrive, they noticed the containers and contact the local fire department. Local HazMat crews arrive and discover that the containers contain the waste materials, which is extremely hazardous. This results in costs for the proper disposal of the hazardous waste at an appropriate disposal site.

### **Waste Water Treatment Plant Exposure**

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A large waste water treatment plant that has over three million gallons of unprocessed waste water on the site suffers a system failure. Specifically, a retention wall collapses, releasing the unprocessed waste water into an adjacent river resulting in significant damage to natural resources. This results in remediation costs, legal defense expenses, bodily injury claims, property damage claims, and civil penalties due to natural resource damages.

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