

# REAL ESTATE



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**Q |** My company has a commercial general liability (“CGL”) policy that has an absolute pollution exclusion. Does that exclusion preclude coverage for all pollution-related claims?

**A |** Not necessarily. The Washington Supreme Court recently held that the “efficient proximate cause” rule applies to CGL policies. This rule requires insurance companies to provide coverage “when two or more perils combine in sequence to cause a loss and a covered peril is the predominant or efficient cause of the loss.” For example, if your company improperly installed a storage tank and it leaks hazardous substances that damage a neighbor’s property, you might assume that the absolute pollution exclusion would preclude coverage for contamination claims by the neighbor. But your company has a strong argument for coverage if negligent installation was the predominant cause of the neighbor’s damage, and negligent installation is not specifically excluded by the policy.