

**COMMERCIAL GENERAL LIABILITY COVERAGE FOR DEFECTIVE WORK  
STATE-BY-STATE SURVEY  
FEBRUARY 2008**

STATE	IS DEFECTIVE WORK AN OCCURRENCE?		PROPERTY DAMAGE EXCLUSIONS APPLIED?
	Status	Case Law	Case Law
Pennsylvania	No	<b>**Kvaerner Metals v. Commercial Union Ins. Co.</b> , 908 A.2d 888 (Pa. 2006); <sup>i</sup> <b>Millers Capital Ins. Co. v. Gambone Bros. Dev. Co.</b> , 2007 WL 4555258 (Pa. Super. Dec. 28, 2007). <sup>ii</sup>	<b>**Limbach Co., LLC v. Zurich American Ins. Co.</b> , 396 F.3d 358 (4th Cir. 2005). <sup>iii</sup>

<sup>i</sup> **\*\*Pennsylvania:** *Kvaerner Metals v. Commercial Union Ins. Co.*, 908 A.2d 888 (Pa. 2006). The faulty work by an insured contractor that constructed a coke battery resulting in damage to the battery itself was not an accident under the contractor's CGL policy, since faulty workmanship claims simply do not present the degree of fortuity contemplated by the ordinary definition of accident.

<sup>ii</sup> **Pennsylvania:** *Millers Capital Ins. Co. v. Gambone Bros. Dev. Co.*, 2007 WL 4555258 (Pa. Super. Dec. 28, 2007). The court, applying *Kvaerner Metals v. Commercial Union Ins. Co.*, 908 A.2d 888 (Pa. 2006), found no coverage under the insured builder's CGL policy for claims made against it by homeowners who alleged their homes were built with defective stucco exteriors, windows and other artificial seals, resulting in water damage to the interior of the homes, since faulty workmanship claims are not considered fortuitous, and thus are not "accidents," as contemplated by the ordinary definition of that term.

<sup>iii</sup> **\*\*Pennsylvania:** *Limbach Co., LLC v. Zurich American Ins. Co.*, 396 F.3d 358 (4th Cir. 2005). The court pointed out the limited scope of Exclusion I, the Your Work Exclusion, due to the subcontractor exception, in connection with a claim involving a leak in an underground steam line that was caused by the insured's employees during installation.