

Insurer Must Cover Dredging Contract Case, Water Co. Says

By Adam Rhodes

Law360, New York (November 15, 2016, 5:50 PM EST) -- A water treatment products provider sued Admiral Insurance Co. in New Jersey federal court Monday, saying its insurer must defend the company in a \$4.6 million suit over dredging work for a Jersey shore borough.

WaterSolve LLC accused Admiral Insurance Co., a unit of W. R. Berkley Corp., of failing to honor a primary insurance policy and an excess insurance policy when it refused to defend and reimburse the company for a lawsuit against it. Dredging company Sevenson Environmental Services Inc. had sued WaterSolve because a WaterSolve device to remove water from dredging materials allegedly delayed and then limited the Sevenson dredging project in Stone Harbor, New Jersey.

"Defendant has denied plaintiffs request for defense and indemnity even though defendant knows that coverage exists under the primary policy and its existence is not 'reasonably debatable,'" WaterSolve said in the complaint.

Admiral denied coverage for the suit on Oct. 6 because WaterSolve had allegedly copped to liability in a February letter from WaterSolve President Gregg Lebster to Michael D. Crystal, vice president of operations at Sevenson. Admiral went on to argue that this prejudiced the insurer's rights under the policies.

The complaint also said that Admiral denied coverage because WaterSolve knew about the issues related to its work on the dredging project as early as Nov. 18, 2015, which was also the date the primary policy took effect.

WaterSolve, however, argued that the dredging project began on Nov. 18, so it would not have known about any issues until after that.

The underlying lawsuit against WaterSolve, filed in August, accused the company of providing a faulty de-watering system, used to remove water from dredging materials, to Sevenson that negatively impacted Sevenson's performance on a contract with Stone Harbor. The issues damaged Sevenson to the tune of \$4.6 million, according to the complaint.

Lebster declined to comment on Tuesday.

Representatives for Admiral could not immediately be reached for comment on Tuesday.

WaterSolve is represented by Christina Yousef and Steven J. Pudell of Anderson Kill PC.

Counsel information for Admiral was not immediately available.

The case is WaterSolve LLC v. Admiral Insurance Co., case number 1:16-cv-08500, in the U.S. District Court for the District of New Jersey.

--Editing by Aaron Pelc.

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