



REAL ESTATE ENVIRONMENTAL LIABILITY

Increasing environmental regulation means that businesses need to be more mindful than ever of the financial, legal and reputational consequences of dealing with a pollution event, as well as their social and ethical responsibilities.

Whilst the 'Polluter Pays' principle exists, environmental liabilities can pass to the current property owners, who increasingly find themselves being held responsible for pollution or environmental damage for which they had no knowledge of and for which they had no control over.

Whilst landlords are generally not the original polluters and often benefit from contractual protection in leases, landlords have been known to be held responsible for addressing the pollution damage caused by their tenants in the event tenants have gone into liquidation or disappeared. In these situations, landlords are often forced to pay.

WHEN QUOTING, WHAT INFORMATION DO WE NEED?

The information we need and the questions that we ask will very much depend on the individual risk, however we will require the following information:

- Details of assets and activities
- Property survey
- Risk management details – environmental, health and safety documentation
- Environmental reports where available.

COVER

- Capacity £25M
- Flexible deductibles
- Annual and multi-year policies
- Site specific and portfolio cover
- Historic and future pollution incidents
- Gradual pollution cover
- Liability arising under the Environmental Liability Directive
- Third party clean-up and liability
- Statutory liabilities arising from a regulatory authority
- Loss of Rent
- Crisis Management Cover
- Emergency Response
- Legal and technical defence costs



Protect Asset Value



Protect Against Regulatory and Operational Exposures



Legal and Technical Defence Expertise



Minimising Reputational Damage



Emergency Response and Crisis Management

REAL ESTATE EXAMPLES THAT HAVE LED TO ENVIRONMENTAL LIABILITY

Example 1 Landowners taking responsibility

A company leased a site to a company to store bales of shredded, recycled carpet. A fire broke out which lasted for six months, and around 3,000 tons of waste was left at the site following the incident. The company went into voluntary liquidation. The liquidators stated that the company had insufficient sums to make good the site and following the liquidation the responsibility for clean-up lies with outside agencies or the ultimate owner of the site.

An Environment Agency spokesman stated: "The landowner has a legal responsibility to manage the site to prevent further pollution."

Example 3 Cover possible clean-up costs

A landlord leased property to a company for the storage of chemicals at a light industrial park. The tenant did not have the appropriate permits or insurance in place. Following a fire, firewater impacted adjacent sites and watercourses. The statutory clean-up costs were in the order of £700,000.

The tenant disappeared and the landlord was forced to bear these costs. Cover for statutory clean-up costs are not always provided by General Liability insurance policies as standard.

Example 2 Protection from fuel leaks

Owners of a commercial property in a city location had to pay for the clean-up of soil and controlled waters after fuel was observed seeping into a nearby drainage ditch. The fuel was traced back to an historic fuel tank used for heating at the property. The tankage had been decommissioned but left in situ. Clean-up costs were estimated to be in the region of £500,000. Luckily for the insured they had the protection of an environmental liability policy.

Example 4 Gradual pollution events

A property owner failed to maintain the oil water interceptors that served their car park drainage. Once full, each time it rained the interceptors over filled and dirty water entered the local drains causing damage to a local canal impacting the fish populations. As this was a gradual pollution event the resulting damage was not covered by the general liability policy.

TALK TO YOUR TEAM

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