



ACE Environmental Risk

Premises Pollution Claims Scenario

Urban property owner judged to be liable for soil and groundwater contamination from historic land use

Scenario: A city firm of architects operating out of a converted warehouse in Gouda in the Netherlands assumed they were not causing any contamination but were aware of the site's historical use as a printing works. A solvent plume was identified beneath a neighbouring third-party property when foundations to an adjacent development were sunk. It was determined that the pollution source originated from historical printing activities on the architect's site over twenty years before they took ownership. The impact on surrounding premises occurred due to the migration of contaminants through shallow groundwater. The original polluter could not be tracked down, so liability attached to the architect firm as the current site owner and appropriate responsible party.

Product: The architect firm purchased a Premises Pollution Liability (PPL) policy for historical pollution conditions as a precautionary measure given knowledge of the site's historical land use. The cover provided an incident and policy aggregate limit of €1,000,000 with a self-insured retention (SIR) of €10,000.



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Claims Management: The identification of the pollution impacts by a third party triggered the insurance policy. The insurance claims team appointed (on behalf of the insured) a remediation contractor who designed, installed and operated a groundwater solvent extraction system to bring the groundwater quality in line with regulatory guidelines. Business Interruption costs were also paid to the developer of the adjacent land. Total costs were just over €300,000.