



ACE Environmental Risk

Premises Pollution Claims Scenario

Contamination associated with car dealership operations

Scenario: A heating oil tank attached to a garage and car showroom developed a fracture in an underground pipe. Over time fuel oil seeped from the tanks into the surrounding soil and groundwater, contaminating both the car dealer's land and neighbouring business. The extent of the contamination was not realised until oil was noted in a nearby watercourse.

Product: The site owner purchased a Premises Pollution Liability (PPL) policy on a prospective basis. The cover gave an incident limit of £1 million and policy aggregate limit of £5 million with a self insured retention (SIR) of £20,000. The policy had been purchased on an annual basis for 4 years, thereby providing retroactive cover for the same period.

Claims Management: Investigations were undertaken and followed by a contaminated soil and groundwater treatment programme in order to mitigate the insured's liability with respect to the Regulator and the adjacent property owner. The insured's PPL policy provided coverage for third-party property damage claims, investigation and remedial site activities, legal defence costs, expenses and business interruption. The swift installation of a remedial system served to reduce the insured's liability and damages and was viewed favorably by the regulatory authority. The policy responded to first and third-party impacts resulting from gradual pollution conditions, which would not have been picked up under other liability policies in place. The legal fees alone exceeded £85,000.



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