



# ACE Environmental Risk

## *Premises Pollution Claims Scenario*

### **Release at petrol station poses problems for petroleum distributor**

**Scenario:** A large petroleum distributor in the East Midlands was notified by the regulatory authority of a significant release of petroleum from one of its petrol filling stations. The release of petroleum was identified during development activities on an adjacent parcel of land. The petroleum distributor faced extensive investigation to determine the degree of soil and groundwater remediation required to clean the site to a standard acceptable to the regulatory authority.

**Product:** The petroleum distributor had purchased Premises Pollution Liability (PPL) cover for all petrol stations under their ownership. The cover gave an incident limit of £5 million with a policy aggregate of £10 million and a self-insured retention (SIR) of £25,000. The cost of the policy was passed on to the tenants as part of their tenancy agreement.

**Claims Management:** The claims team assisted the insured in appointing a qualified environmental consultant, who designed a programme of intrusive investigation and assessment works. The investigation works and subsequent Quantitative Risk Assessment (QRA) demonstrated that the identified contamination did not represent a significant risk to nearby controlled waters, as first thought. As a result, a less rigorous Remediation Action Plan (RAP) was agreed by the regulatory authority, which allowed some contamination to remain in-situ. The rapid response of the claims team not only avoided unnecessary remediation costs, but also prevented the site from being registered by the regulatory authority as 'contaminated land' and reduced business interruption. The petroleum distributor's PPL policy responded to meet the cost of investigation and cleanup, which amounted to approximately £325,000.



ACE European Group Limited  
100 Leadenhall Street  
London EC3A 3BP

[www.aceeuropeangroup.com](http://www.aceeuropeangroup.com)

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