

QBE EIL for Real Estate

QBE's Environmental Liability solutions are designed to respond to pollution and environmental damage that an insured is held responsible for.

Environmental liability insurance

The environment is very complicated and as a result when it is damaged it can be very costly to repair. In addition, the environment around a property can also act as a conduit (a pathway) for pollution to travel so that it impacts third parties and neighbours. This impact can result in claims from third parties, or where a third party does not exist (ie a river or public land) the local authority or environmental regulator.

Environmental liability insurance protects the insured against claims from third parties or the regulator for damage caused by pollution or environmental damage caused by their operations or present on the land that they own.

Cover is provided for clean up, bodily injury or property damage caused by this pollution or environmental damage.

Potential buyers of environmental insurance include any business that buys or sells land, uses raw materials, produces waste or undertakes groundworks has an environmental exposure.

In particular, for Real Estate we can cover:

- Historical contamination/legacy issues taken on by contract
- Tenants actions resulting in landlord being liable for clean-up costs (including waste crime)
- Bulk storage units and tanks
- Indoor air quality

Comparison of environmental insurance with property and casualty insurance

As infrastructure ages and legislation develops, the frequency of pollution incidents that operators are held responsible increases. At the same time the understanding of the limitations to cover for pollution and environmental damage provided by standard insurance (Property and Casualty) products are becoming less reliable.

| Liability | Scenario | Covered by Property Insurance? | Covered by Casualty Insurance? | Covered by Environmental Insurance? |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|-------------------------------------|
| Statutory Remediation (clean up by or instructed by the regulator) | Heating oil tank leaks in to river that is then cleaned up by or at the instruction of the local authority | No - property of the insured has not been impacted | No - the local authorities costs are not "damages" as required by the policy | Yes |
| Historical Pollution | Pollution already present within the ground caused by the sites previous users | No - not an insured peril | No - pollution needs to be sudden to be covered | Yes |
| Gradual Pollution | Small spills over a long period of time around a tank filling point | No - pollution needs to be sudden | No - pollution needs to be sudden | Yes |
| Wear and tear | Fuel pipe fails due to corrosion | No - loss due to corrosion excluded | No - failure would be considered a "gradual" event | Yes |
| Biodiversity Damage | Fire causes damage to a neighbouring habitat | No - property of the insured is not damaged | No - policy will include a fauna and flora exclusion, plus no third party impact | Yes |
| Own site clean up | Pollution needs to be dealt with within the property boundary | Maybe - only the property of the insured is covered - soil or groundwater beneath the site does not have value | No - policy only covers damage to third parties | Yes |

Focus on - Bartoline

In 2003, the fire at Bartoline's factory caused pollution of a nearby water course that was cleaned up by the Environment Agency. The subsequent claim on their Public Liability policy was turned down, demonstrating that a statutory regulators costs are not considered "damages" under standard insurance products. Some Casualty insurers have since modified their policy and confirmed that actions by the regulator are covered. It is important to note that this approach remains limited due to restrictions to clean up of own site and the potential for gradual pollution.

Key benefits of the QBE products

QBE's policies have been designed to keep pace with the need to provide adequate safeguards in this constantly changing environment, and provide the following benefits:

- Insurance can be provided for historical (contaminated land) exposures or for future incidents which arise from the on-going operations of the insured
- Construction project insurance policies can be offered with policy periods of up to 10 years and on an 'owner-controlled' basis, whereby all interested parties are named
- Insurance can be offered on a stand-alone basis or combined with General Liability, Professional Liability and/or Construction Wrap-up insurance to create a customized liability policy.

Key features



Capacity £20m



Cover can be provided for historical (contaminated land) exposures or future incidents which arise from the ongoing operations of the insured



Clean-up costs imposed on the insured by regulators, including those incurred by the regulators themselves - covers remediation of the insured's own property and any other land, water or natural resources impacted offsite



Liability for third-party bodily injury, property damage (including loss of use and diminishment in value), nuisance and clean-up costs



Associated loss of rental income following environmental damage



Environmental damage - liability arising under the Environmental Liability Directive (ELD), including complementary and compensatory remediation. Prevention costs are covered as is liability arising from non-pollution causes



Emergency response costs, site investigation costs, and legal defence costs included

For more information, please contact:

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