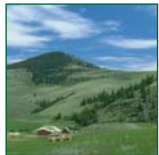


Contractors' Pollution Liability



Construction activities present a range of pollution risks, especially if the relevant sites are potentially contaminated. By their very nature, many of these liabilities are not covered under public liability policies, leaving contractors, and employers with uninsured risk exposures.



Contractors are exposed to a wide range of pollution related liabilities when working on contaminated sites or actively carrying out remediation activities. In the increasingly competitive contractor market there is increasing pressure to contractually accept responsibility for consequential risks.



These risks can arise in many different ways, from exacerbation of pre-existing site contamination, to new pollution issues caused by the contractors own operations. They can also have a variety of knock-on effects including the financial implications of project delay.

Typically contractors will have some limited pollution cover under general liability policies but gradual pollution exposures are usually excluded. Furthermore, gradual pollution conditions may not become evident until some time after the completion of the works.

Contractors' Pollution Liability Insurance

Contractors' Pollution Liability insurance (CPL) is designed to protect contractors, project sponsors and developers by covering pollution risks which are excluded from general liability policies.

Many project specifications require adequate pollution liability insurance to be in place and contractors can arrange this on a portfolio basis or on a contract specific basis. Furthermore in some circumstances it may be more practical or economic for a project sponsor to arrange such cover on behalf of all the contractors working on a project.

The cover can be tailored to meet the specific requirements of an individual contract or project. There are a variety of potential 'wrap up' options which can be used to cover consultants, sub-contractors etc.



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Contractors' Pollution Liability

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Significantly, it is possible to arrange occurrence based policies to give ongoing cover for gradual pollution risks after completion of the contract.

Cover includes:

- Losses caused by both sudden and gradual pollution events arising from pollution conditions caused whilst working at customer sites.
- Bodily Injury and Property Damage including clean-up of pollution conditions
- On and off site clean-up costs
- Legal defence costs

The Insured's clients may be covered as additional insureds under one policy.

Underwriting Considerations

Premium is based on the nature of the company's operations, a project description, engineering details plus other technical factors.

Case Study

A contractor involved in a major railway station development project was contractually obliged to accept liability for pollution risks associated with tunnelling operations.

The site was contaminated as a result of historic activities and the main risk related to the creation of new pollution migration pathways as a result of tunnel boring.

Willis arranged contract specific CPL cover on behalf of the main contractor and its sub-contractors. The policy limit was £20 million and it was arranged on a losses occurring basis. The insurance gave the contractor sufficient comfort to accept the contractual liabilities.

“Gradual pollution exposures are usually excluded in general liability policies”



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