

Property Risk Management



Environmental liabilities, real or perceived, increasingly have the potential to impact property owners and tenants, as well as investors and funders. Environmental insurance can provide a long-term solution to managing such liabilities.



Case Study 1: Former Gas Works

A UK property company was concerned that ground contamination issues at one of its properties could present significant future liabilities. The premises, now the site of a prestigious leased office development, had previously formed part of a major gasworks facility. Although remedial works had been undertaken in the mid 1990s to the satisfaction of the planning authority, the standard of remediation would almost certainly not have met current remediation standards. It was evident that residual tars and contaminated groundwater had been left beneath the site, potentially requiring further clean-up to satisfy environmental regulators in the future.

encounter contamination). The policy was transferable (for example to a future purchaser) and included an option to continue extending the policy annually beyond the initial 10 years.

Through the use of insurance, the owner gained comfort that the costs of any future additional clean-up as a result of increasingly stringent legislation or third party action would be met. In addition, the broad coverage negotiated by Willis would be attractive to a potential purchaser and thus help maximise the property value during future sale negotiations.

Willis succeeded in placing environmental insurance to cover the current owner for a period of 10 years, even in the event that they undertook minor development works or ground investigations at the site (such activities are normally excluded by insurers, due to the potential to



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