



XL Insurance

UK/Casualty/Environmental

Real Estate Environmental Protection

Real estate investment companies are becoming increasingly aware of the financial, legal and reputational risks that can result from environmental liabilities.

AXA XL Environmental team's experience has shown that even seemingly 'low risk' land uses such as commercial offices, retail parks and leisure facilities can hold unsuspected environmental issues. Although the 'Polluter Pays' principle continues to be enforced, liabilities can often pass to incumbent property owners, who find themselves facing claims for pollution or environmental damage for which they had no knowledge of and for which they had no control over.

The AXA XL Environmental Real Estate insurance policy has been designed to assist investors in the acquisition and ongoing management of property portfolios.

AXA XL UK & Lloyd's



Client profile

- Portfolio property owners and managers
- Property developers
- Real estate investment trusts (REITs)
- Pension funds

Portfolio profile

- Commercial
- Retail
- Industrial
- Residential
- Mixed-use

Tailored coverages

- First-party discovery and regulatory triggers for remediation expense
- Third-party bodily injury, property damage and defence
- Legal expense
- Third-party business interruption and diminution of value
- Environmental liability directive.

Added value

- Business interruption (including loss of rental income) and extra expense
- Broad insured coverage
- ESG cover enhancements available
- Automatic coverage for certain newly acquired or leased locations
- Coverage for locations inadvertently left off of the property schedule
- Abandoned materials
- Fines and penalties (where allowable by law)
- Automatic coverage for certain underground storage tanks.

AXA XL

At AXA XL, we work closely together with other AXA teams around the globe to provide you and your client the most holistic service and relevant solutions.

Case study: City-centre building £2m environmental loss

While carrying out replacement works in the basement of a city centre, multi-tenanted commercial building, contractors inadvertently damaged badly-corroded pipes connecting oil storage tanks to boilers.

The consequences

Work to remedy the situation did not start until a few weeks after discovery of the leak. As a result, the problem was exacerbated with fuel penetrating into the slab beneath the basement and a basement cinema. Significant remedial work was required, comprising flooding and flushing out of the diesel using dispersants and water, and subsequent removal of fuel-bearing fluid by tanker. The sub-floor and basement slab were also excavated and the contamination removed. Additionally, operation of the cinema was interrupted for an extended period.

The costs for on-site clean-up and third party business interruption were estimated at £2 million.

This case demonstrates how even a seemingly low risk land use, like an office building, has the potential to give rise to significant environmental liabilities. It also demonstrates how, despite good intentions and risk management, operator error or mechanical error still leaves the potential for environmental damage to occur.

Contacts

Noelene McKenna

Underwriting Manager - Environmental
AXA XL UK & Lloyd's
T +44 (0)20 7621 4467
noelene.mckenna@axaxl.com

Simon Harwood-Matthews

Senior Underwriter
AXA XL UK & Lloyd's
T +44 (0)20 7933 7851
simon.harwood-matthews@axaxl.com

Philip Hogg

Senior Underwriter
AXA XL UK & Lloyd's
T +44 (0)20 7933 7305
philip.hogg@axaxl.com

Jamie Wiles

Underwriter
AXA XL UK & Lloyd's
T +44 (0)20 7933 7004
jamie.wiles@axaxl.com

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