



Environmental Case study

Council stock transfer and public sector

XL Insurance

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XL Insurance is a registered trademark of
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This case study demonstrates how XL Insurance's Environmental Impairment Liability insurance has been used to protect councils divesting themselves of council-owned stock.

A council undertook to transfer its assets of social housing, garages, community centres, and open spaces to a Registered Social Landlord (RSL). In total, the transfer included over 30,000 units.

As part of the transfer, the council was required to provide the RSL with warranties as to the condition of the transferring stock. Some of these warranties related to the environmental condition of the stock, and the potential for contaminated land to exist underlying the stock by virtue of historical land uses. A significant portion of the stock was underlain by areas of infilled ground, or was in proximity to potentially contaminative historical land uses.

The council warranted that the condition of the stock was such that there were no contaminated land liabilities associated with the transaction.

XL Insurance provided a 10 year EIL policy to protect the council in respect of its contractual liabilities to the council such that the policy would respond in the event of a breach of warranty.

XL Insurance specialises in the provision of EIL to the public sector. In addition to large scale voluntary transfers, XL Insurance provides EIL to local authorities in respect of their landfills and waste management facilities as well as numerous Private Finance Initiative projects.

If you would like to discuss how XL Insurance's dedicated EIL business unit can assist, please do not hesitate to contact one of the team listed.