

Risk Management

Legionella within Water Systems

In brief, Legionnaires disease is a potentially fatal disease caused by breathing in invisible waterborne droplets of the legionella bacteria. The bacteria exists naturally in rivers and ponds, it is at its most harmful when allowed to develop in manmade water carrying systems.

All property owners, as well as the individual company directors of a property owning company, have a responsibility to manage the risks arising from their property. An initial risk assessment is a statutory requirement and this should include an assessment of hot or cold water systems. This could include cooling towers, communal boilers and related pipework, swimming pools, spas, communal showers, air conditioning systems, sprinklers – anywhere where water may be stored at a temperature between 20 and 45 Celsius.

If any hazard is identified a clear plan of the management of the risk is then necessary. In some cases the risk assessment and subsequent management can be carried out by a competent person, but in many instances it would be wise to engage the services of a specialist contractor. The landlord still needs to make sure that controls are being maintained as their responsibilities are not discharged solely from employing a specialist contractor.

This note is a reminder for Landlords, Freeholders, Resident Associations and ultimately Directors of their statutory obligations and responsibilities.

How Does This Affect Your Insurance?

Property Insurance

A Property Owners insurance policy does not usually cover

the costs of maintaining or decontaminating water systems. This would be regarded as maintenance.

Property Owners/Public Liability Insurance

A typical Landlords or Property Owners Insurance policy may not cover claims that arise as a result of a Legionella outbreak and in many instances this is acceptable where the water risk assessment has shown that there is no risk.

Where a risk has been identified it would be prudent to arrange for a Legionella Liability extension to be added to the insurance policy. The insurers may ask for confirmation that you have completed a risk assessment and have a risk management programme in place. In some instances the insurers may warrant that the property complies with the current Legionella codes of practice in order for cover to be granted.

Public Liability covers sudden and unforeseen events, the growth of the legionella bacteria is always seen by insurers as a gradual event, hence the need for this extension of cover to be specified.

The Legionella Liability extension will usually be written on a "claims made" basis and therefore only claims notified during the period of insurance will be covered. This is a particular issue when changing from one insurer to another, so do please take care.

The Legionella Liability extension limit of liability is usually below that of the standard Property Owners Liability limit of indemnity and the adequacy of this reduced limit may need to be considered and additional cover purchased. There may be cover for the costs of defending an allegation of failing to have an adequate risk

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About CLEAR

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Our considerable experience in the property sector gives us the capacity to design bespoke and exclusive insurance solutions for the whole property market.

assessment in place, but there is no insurance cover for any fines and penalties imposed.

Loss of Rent and/or Alternative Accommodation (Business Interruption)

A typical Landlords or Property Owners Insurance policy may not cover Loss of Rent/Alternative Accommodation claims arising from a Legionella outbreak at the insured premises, even if the Public Liability section has been extended to cover this disease.

A specific Legionella extension may be required although cover may be included where the policy has the "Notifiable Disease" extension – some insurers may list the diseases that they are prepared to cover. The cover provided could be

a reduced level of protection when compared to the main Loss of Rent sum insured and can be expressed as a shorter indemnity period, three months is typical.

Directors & Officers Insurance

Whilst no particular issues should arise from these types of policies in respect of Legionella, a reminder that D&O cover should be in place in the event that it becomes necessary to defend an allegation that the director has not complied with their responsibilities.

How Can We Help

At Clear Insurance Management Ltd we are specialists in the property market. If you'd like further information contact us today or visit www.thecleargroup.com/property.

Contact Us

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