When an incident goes beyond your boundary

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Looking beyond the initial incident

Understanding the wider business, liability and insurance implications of a major fire or disruption.

A major incident at one premises can affect far more than the business directly involved.

Fire, smoke, pollution, infrastructure closures and emergency service activity can quickly affect neighbouring businesses, transport networks, the environment and the public.

Is your business prepared for the consequences?

One incident
Much wider consequences

Recent fires at waste and recycling facilities in London have demonstrated how quickly an incident at a single site can affect the surrounding area.

A significant fire at a waste facility in Deptford resulted in around 100 firefighters attending and nearby railway lines being closed while crews dealt with the incident.

Days later, a major fire at a waste transfer facility in Neasden required around 125 firefighters and 20 fire engines. Significant smoke affected the local area, nearby premises were impacted and Underground and rail services were disrupted.

While these incidents occurred within the waste sector, the lessons extend much further.

A major fire, explosion, pollution event or other serious incident can have consequences far beyond the physical damage to your property.

Click here to find out more about fire incidents in London

How far could an incident at your premises reach?

Businesses naturally focus on protecting their own buildings, equipment, stock and employees. However, a serious incident can rapidly create exposures elsewhere.

THINKING ABOUT YOUR BUSINESS

If an incident originating at your premises disrupted a railway, road, neighbouring business or public area, how significant could the resulting third-party claim become?

Consider what could happen if:

- A fire forces a nearby railway or underground line to close.
- Smoke affects neighbouring businesses or residential areas.
- A major road is blocked to customers, staff or emergency services.
- Fire-fighting water carries contaminants beyond your site.
- Neighbouring businesses are unable to operate.
- Emergency services establish an exclusion zone for several days.
- Suppliers or logistics operators cannot access your premises.
- Debris or pollution affects adjacent land or property.
- A prolonged investigation delays your return to normal operations.

The resulting costs can extend far beyond repairing the original physical damage.

Public Liability Insurance

Public Liability Insurance is designed to protect businesses against certain claims from third parties arising from their activities, subject to the policy terms, conditions and exclusions.

Many businesses select a limit of indemnity when their insurance programme is first arranged and continue with it year after year.

But has the exposure changed?

A serious incident could potentially affect:

- **Neighbouring occupiers:** Property damage, loss or disruption affecting businesses around your site.
- **Transport infrastructure:** Railways, major roads and other transport networks may need to close or restrict operations.
- **Members of the public:** Smoke, debris or other consequences may affect people well beyond the premises.
- **Other property owners:** Fire or other damage can spread to adjacent buildings, vehicles or land.

ASK YOURSELF

When was the last time you reviewed your Public Liability limit of indemnity against a genuine worst-case scenario?

Adequate insurance is not simply about having a policy in place. The limits need to reflect the scale of the potential exposure.

Pollution does not stop at the fence

Fire may be the most visible part of an incident, but environmental consequences can continue long after the flames are extinguished, with smoke, chemicals, oils, contaminated debris and fire-fighting water potentially affecting drains, waterways, neighbouring land and the wider environment.

Businesses should consider potential exposure to:

Pollution and contamination:
Including sudden incidents and, where relevant, gradual pollution.

Contaminated fire-fighting water:
Water used to control a fire can become contaminated on site.

Clean-up and remediation:
Specialist contractors & environmental remediation can be costly.

Regulatory involvement:
Serious incidents may involve regulators or other authorities.

Third-party environmental damage:
Contamination can affect neighbouring businesses, property and communities.

Standard Public Liability insurance may not fully cover environmental exposures, so Environmental Liability Insurance should form part of your wider risk discussion.

A business does not necessarily need to suffer major physical damage to experience significant disruption

Imagine your premises remain intact, but:

- Police or fire crews prevent access to the area.
- A nearby road or railway is closed.
- Your employees cannot reach the site.
- Customers cannot access you.
- A critical supplier is unable to deliver.
- Utilities or other infrastructure are disrupted.
- A neighbouring incident forces you to temporarily evacuate.

The effect on revenue can still be substantial.

Business Interruption Insurance should therefore be reviewed carefully, including the suitability of the **indemnity period** and any relevant policy extensions.

Areas to consider include denial of access, public authority restrictions, interruption to suppliers or customers and increased costs of working.

A 12-month indemnity period may not always be enough

After a major loss, rebuilding, planning, equipment replacement, regulatory approvals and the restoration of customers and revenue can all take considerably longer than expected.

The appropriate period should reflect how long your business could realistically take to return to its pre-loss trading position.

Insurance is only one part of the answer

A resilient business combines appropriate insurance with effective risk management and business continuity planning.

Property Insurance

Check declared values reflect the true cost of rebuilding and replacing property, plant, machinery, stock and other assets.

Construction, material, labour and professional costs can change significantly, increasing the risk of underinsurance. Consider debris removal and specialist clean-up costs.

Business Continuity

Ask what your organisation would do following a serious event.

- Could you operate from an alternative location?
- Could key staff work elsewhere?
- How reliant are you on a single supplier, route, or facility?
- How quickly could critical equipment be replaced?
- Who would communicate with customers, employees, authorities and insurers?

Having these answers before an incident can significantly improve the response afterwards.

What surrounds your business matters

The characteristics of your own operation are only part of your overall risk profile.

Businesses should regularly consider their surrounding environment and the potential for an incident to interact with it.

THE KEY POINT

The closer a business is to critical infrastructure or densely occupied areas, the more important it becomes to understand the potential wider consequences of an incident.

This is particularly for organisations located close to:

Railway and Underground lines: Could smoke, fire or emergency operations interrupt services?

Motorways and strategic roads: Could an incident close an important route or junction?

Airports, ports or other critical infrastructure: Could a relatively local incident have wider operational consequences?

Neighbouring businesses: What operations, materials or processes are taking place next door?

Residential areas: Could smoke, contamination, noise or evacuation affect members of the public?

Scan the QR Code to view our Battery Risk Guide

Emerging risks deserve renewed attention

Businesses should also review whether changes in technology, materials or site operations have altered their fire exposure.

Lithium-ion batteries

The increasing presence of lithium-ion batteries in vehicles, equipment, waste streams and stored goods creates an important fire risk.

London Fire Brigade has specifically highlighted the growing danger of lithium-ion battery fires at recycling and waste sites.

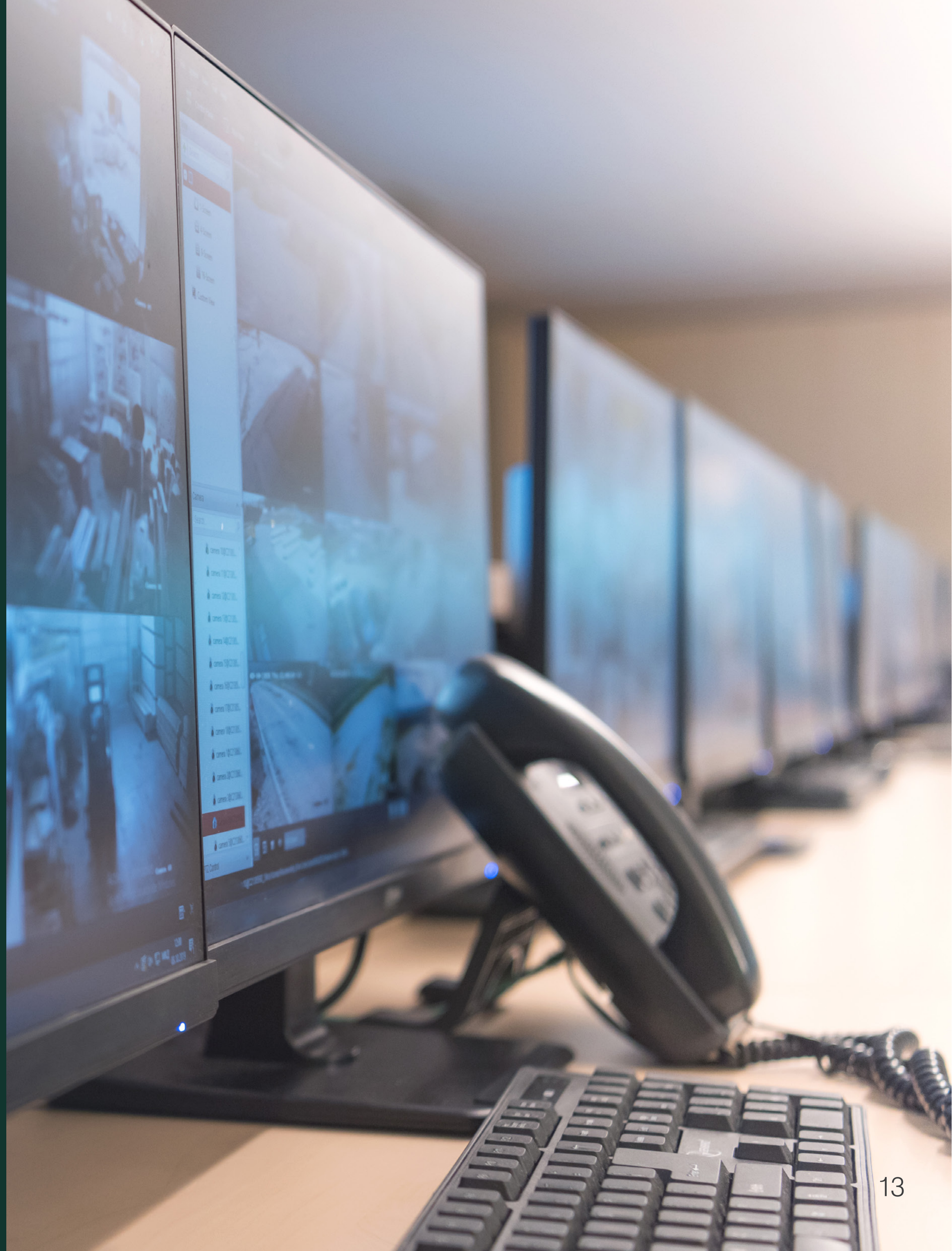
A July 2026 fire at a Southwark waste transfer facility was believed to have been caused by a lithium-ion battery within the waste, with the Brigade warning that damaged batteries can ignite rapidly and that fires at these sites can have significant environmental and societal consequences.

Areas worth reviewing include storage arrangements, battery charging, segregation, damaged batteries and disposal procedures.

Businesses should also consider:

Fire detection and suppression systems, housekeeping, waste storage, hot works controls, emergency response procedures, environmental containment, CCTV and site security, out-of-hours monitoring and liaison with the emergency services.

Risk changes. Your risk management arrangements and insurance programme should change with it.



When did you last challenge your insurance programme?

A major incident is not the time to discover that a limit, value or indemnity period was inadequate. As part of your next insurance review, consider:

- Are your Public Liability limits sufficient for a major third-party event?
- Does your insurance appropriately address environmental exposures?
- Are your buildings, machinery, stock and other declared values up to date?
- How reliant are you on critical suppliers, customers and transport routes?
- Have lithium-ion battery risks been assessed?
- Is your Business Interruption indemnity period realistic?
- Have denial of access and public authority exposures been considered?
- Is your business close to major infrastructure?
- Are fire detection and suppression arrangements appropriate?
- Does your business continuity plan reflect a prolonged loss of access?

A policy that was appropriate several years ago may not necessarily reflect your business today.

A conversation worth having

Don’t wait for an incident to test your insurance

Major incidents rarely unfold as expected.

What begins as a fire at one premises can quickly become an issue involving neighbouring property, public infrastructure, the environment, customers, suppliers and the wider community.

Taking the time to review these exposures now can help identify weaknesses in both your risk management arrangements and your insurance programme.

TMD can work with you to consider your existing arrangements, identify areas requiring further discussion and help ensure that the protection you have in place remains appropriate for your business.

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