

Background and Context

In the early hours of Sunday 11 December 2005, explosions at Buncefield Oil Storage Depot, Hemel Hempstead, Hertfordshire resulted in a large fire, which engulfed a high proportion of the site.

Over 40 people were injured; there were no fatalities. Significant damage occurred to both commercial and residential properties in the vicinity and 2,000 people were evacuated on emergency service advice.

The fire burned for several days, destroying most of the site and emitting large clouds of black smoke into the atmosphere. Over 16,000 employees within the adjacent Maylands Industrial Area were unable to access work and 92 businesses were displaced for more than one week. 17 were forced to permanently relocate.

Overall, the explosion cost local businesses more than £70 million in lost stock, lost revenue and relocation expenses.

How the Topic was Handled

Dacorum Borough Council fielded a considerable number of calls from members of the public and tenants requesting assistance on insurance issues. This was partly due to rumours circulating that excess levels were £1000, premiums would rise and that future insurance cover would not be provided. There was also confusion due to interaction with overseas call centres. For example, when members of the public referred to cracks in walls, it was initially treated by the insurance companies as subsidence. There was very much a desire on the part of the Borough Council to try and do something for the community in terms of providing assistance; this also took the form of signposting the Total UK Repair and Assistance Line (established to provide help to residents and businesses) and utilising existing networks. However, advice was limited as the Borough Council were not aware of the contents of policies.

After a couple of weeks, the Borough Council's insurers had deployed a major incident team to Hemel Hempstead to provide general insurance advice. Public expectations regarding repair timescales, etc. was not realistic given the scale of the incident. The bulk of the damage was structural rather than related to building contents so there were only a few instances of property being uninsured or underinsured. Insurance issues are still very much ongoing, particularly in relation to commercial properties and the more seriously damaged residential properties close to the site, as no liability has been established yet. Dacorum Borough Council also had a number of claims in relation to damaged buildings and properties. However, this resulted in little or no problems as the policies covered explosion. Despite insured losses being covered by insurance, the Borough Council has joined the Buncefield Neighbouring Property Insurance Group (BUNPIG) "recovery" action in the High Court.

Lessons Identified

Dacorum Borough Council has identified a number of key lessons in relation to insurance issues:

- There is a need to keep members of the public informed. There were a number of scare stories circulating, which led the Borough Council to provide advice and reassurance wherever possible.
- There is a need to manage public expectations. For example, the time taken to implement repairs was more of an issue for those affected, rather than issues relating to policy cover, etc. Having a loss adjuster present at public meetings enabled the insurance companies to respond more effectively.
- The sheer scale of the incident and the level of damage meant that a considerable amount of work was involved on the part of insurance companies, which inevitably caused unavoidable delays in the process.

Contacts for Further Information

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