



Environmental Liability

Reasons to buy

Both legislative changes and increased pressure for businesses to behave in a social, ethical and environmentally responsible way has led to an increase in demand for companies to purchase Environmental Liability insurance (EIL).

Whilst this type of cover is not compulsory at present, the Environmental Damage (Prevention and Remediation) Regulations of 2009 have introduced new obligations

to ensure that a polluter pays for damage caused to water, land and biodiversity.

What does Environmental Liability insurance cover?

- Cover for both sudden & accidental pollution and gradual pollution.
- First party (own site) clean up costs imposed by regulatory authorities
- Third party liability including diminution in property value
- Nuisance claims
- Legal costs and expenses

EIL is aimed primarily at ongoing operational environmental risks, but can also address the legacy liabilities from historical contaminated land exposures

Why do I need cover?

- Organisations can incur liability through both their properties current land use and the historical use of the site .
- New legislation has significantly increased the potential costs of remediation.
- Potential legacy contamination issues on property purchases.

The policy cover is subject to standard policy terms, conditions and exceptions

- Legal and technical defence costs for this type of claim can be significant
- Environmental issues need to be dealt with rapidly to protect the business reputation

Common myths?

- I already have a public liability policy.

Most policies only offer third party sudden and accidental coverage with no protection for clean-up costs for contaminated soil and water on your own land. In addition to this exclusion, public liability policies generally exclude losses arising from the Environmental Damage Regulations 2009, gradual pollution historical pollution, and imposed remediation costs.

- My company is not involved with heavy industry or chemicals.

The majority of businesses have the potential to have an environmental incident .

- Environmental cover is not compulsory.

Whilst this is true, there is increasing pressure from lenders to produce proof of this type of cover.

Typical risk trades

There are no typical risk trades:

If you own or operate or buy and sell property

If you redevelop 'brownfield' land

If you use or produce potentially contaminative materials

If you create waste (solid, liquid or gaseous)

...then you may have an environmental risk