



ENVIRONMENTAL RISK

OUR SOLUTION

In most cases, the majority of the cost of an environmental incident is dedicated to clean-up the contaminated zone.

Today, some companies are not adequately covered to face financial consequences of an environmental incident. Their insurance, provided under property and casualty policies, offers limited coverage to address the possible effects of an environmental incident.

ACE responds to these gaps in cover by offering companies three broad types of coverage:

1. First-party liability
2. Biodiversity damage
3. Third-party legal liability



1. First-party liability

For many, this is an important strand of coverage because environmental incidents will typically affect an insured's own property first, and many forms of pollution can lead to a sizeable decrease in the value of that company's property, which may require remedial work.

2. Biodiversity damage

This covers any expenses incurred by a company in treating a protected space or habitat that has been affected by that company's operations. Under the ELD 'polluter pays' principle, companies are responsible for restoring any protected habitat to its original condition if it has been affected by activities that company has coordinated.

This could include treating soil, to ensure it has not been affected, through to spending money to restore a habitat's level of humidity or range of wildlife. This area of coverage has grown a lot recently, owing the greater responsibility placed on companies by the ELD.

3. Third-party legal liability

This covers a company against the costs relating to an injury or other environmentally based damage caused to a third-party. For example, it covers a company if its operations led to toxic smog release, which effected health of a neighbourhood. The insurance covers medical expenses, such as hospital treatment, medicines and any subsequent treatment.

Clients are not obliged to buy all three types of cover, though at ACE we encourage them to buy at least the first-party legal liability and biodiversity damage cover in most instances. Legal liability cover is also mandatory in some countries.



insured.™



Mind the gap

This table identifies the potential gaps in your clients' current insurance programmes and where they may have exposures to environmental risks.

A common misconception is that environmental risks only affect certain companies – for example, oil spills – but today the risks are diverse and apply equally to many different industries and not just traditional 'polluters' or large companies.

	General Liability	Property	Environmental
Sudden & accidental pollution	✓	✗	✓
Gradual pollution	✗	✗	✓
Historic pollution	✗	✗	✓
Statutory clean up	✗	✗	✓
On-site first-party clean-up	✗	✗	✓
Environmental liability directive	✗	✗	✓
Loss mitigation	✗	✗	✓

The above is a broad indicator based upon experience, please refer to specific policy wordings to verify this on an individual basis.

Added value from ACE

Expertise when you need it

Our catastrophe management endorsement brings together ACE's underwriters and risk engineers with our crisis assistance provider's experts. In this way, we provide pre-event risk management advice as well as support and 24/7 assistance if an incident occurs involving an environmental spill or crisis concern¹.

Loss mitigation costs

When there is an imminent threat of human's health or environment impact, insureds do not have to ask ACE's express permission to incur a cost. This allows them to react quickly to an incident.

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¹ Pre-incident preparedness screening can only be received upon binding the coverage with ACE.



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