

Protecting your business from environmental liabilities

Environmental Impairment Liability insurance (EIL) protects you against costs you could face if held responsible for pollution or environmental damage. We offer effective EIL solutions across a wide range of sectors, from property owners to heavy construction.

Environmental liability insurance

The environment is a complex and delicate mechanism. Repairing damage to it can be costly.

The immediate environment around your property can act as a conduit through which pollution travels to impact neighbouring land or properties. This could result in claims from third parties. If public land or waterways are affected you could face claims from local authorities or regulators. Either way, our environmental liability can protect you against claims for damage caused by your operations or land you own.

If you're involved in buying or selling land, working with raw materials, storing/using fuel on site, producing waste, and/or undertaking groundworks - you should consider taking out EIL cover. Our EIL solutions cover you against costs arising from clean-up, bodily injury, or property damage.

Typical exposures would include:

Sector	Exposure
Contractors Building services Infrastructure Construction	<ul style="list-style-type: none">> Mobilisation and exacerbation of historical pollution> New pollution conditions on third party premises> Asbestos or mould> Air emissions eg odour, fumes, dust> Impact on infrastructure, eg utilities or sewerage
Manufacturing Food Chemical Engineering	<ul style="list-style-type: none">> Waste water discharges to surface waters> Inadequate raw material storage and delivery> Fire> Transportation of hazardous goods> Historical liabilities
Real Estate	<ul style="list-style-type: none">> Historical contamination/legacy issues taken on by contract> Tenants actions resulting in landlord being liable for clean-up costs (including waste crime)> Heating oil storage> Indoor air quality

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Comparison between EIL, property, and casualty insurance

As infrastructure ages and new legislation comes into force, businesses are being held responsible for more and more pollution and environmental damage incidents. In the majority of cases, standard property and casualty insurance policies will not provide the cover today's businesses require.

Liability	Example scenario	Property insurance?	Casualty insurance?	Environmental insurance
Statutory remediation (clean up by or required by regulator)	Heating oil leaks into a river and is cleaned by the local authority	Not covered because the property itself is unaffected	Not covered because local authorities; costs are not 'damages'	Covered
Historical pollution	Pollution already present in the ground caused by previous users of a site	Not covered because pollution is not an insured peril	Not covered because pollution must be 'sudden'	Covered
Gradual pollution	Small spills over a long period of time around a tank-filling point	Not covered because pollution must be 'sudden'	Not covered because pollution must be 'sudden'	Covered
Wear and tear	A fuel pipe fails due to corrosion	Not covered because losses due to corrosion are excluded	Not covered because the failure would be considered 'gradual'	Covered
Biodiversity damage	A fire causes damage to neighbouring habitat	Not covered because policyholder's property has not been damaged	Not covered because policies exclude fauna and flora and there is no impact on a third party	Covered
Own site clean up	Pollution requires clean-up within the boundaries of the property	The property itself may be covered, but soil or groundwater beneath the site are not considered as having value and hence not covered	Not covered because policies only cover damage to third parties	Covered

Case study: Adhesives manufacturer

In 2003 a fire broke out at the Humberside factory of an adhesives manufacturer. Resulting pollution of a nearby watercourse was cleaned up by the Environment Agency. A subsequent claim on the manufacturer's public liability policy was turned down because the statutory regulator's costs were not considered 'damages' as defined in a standard policy wording. Some casualty insurers have since modified their policy wordings and confirmed that such costs would be covered. But it's important to note that this will not always be the case, due to restrictions affecting own-site clean-up costs and the potential for gradual pollution.

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Key benefits of our EIL product

Our policies are designed to provide the cover you need in a constantly changing legislative, regulatory, and commercial environment. Our flexible approach to product design means that:

- > We can cover both historical exposures of contaminated land and future incidents arising from your ongoing operations.
- > We can provide construction project insurance with policy periods of up to 10 years – and on an ‘owner-controlled’ basis, with all interested parties named.
- > We can offer cover on a standalone basis or combined with general liability, professional liability, and/or construction wrap-up insurance – to create a customised liability policy.

Key features

Capacity of £20m and policy terms available up to 10 years

Cover for clean-up costs imposed by regulators and those incurred by the regulators themselves, including remediation of your own property and of any land, water, or natural resources impacted offsite

Liability cover for third-party bodily injury, property damage (including loss of use and diminishment in value), nuisance, and clean-up costs

Cover for environmental damage under the Environmental Liability Directive, including complementary and compensatory remediation, prevention costs, and liability arising from non-pollution causes

Cover for pollution arising from transportation by, or on behalf of, your business

Business interruption cover following an event that results in pollution or environmental damage

Emergency response, site investigation and legal defence costs included

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