

Action Insurance Brokers Pty Limited

Suite 301 Building A, Sky City, 20 Lexington Drive, Bella Vista NSW 2153

Phone: 02 8935 1500

Fax: 02 8935 1501

ABN 39 080 844 426



Product Fact Sheet – Pollution Insurance

Liability for pollution claims was originally covered as a standard peril under General Public and Products Liability Insurance. However, in the mid-1980s, most insurers started to remove the cover via exclusions for pollution liability claims. As a result, coverage for potential and existing hazards must be purchased separately. Commonly used environmental insurance policies include those for pollution legal liability, property transfer, cleanup cost cap/stop loss, Brownfields restoration and development, secured creditor, professional and contractor environmental liability, transporter insurance, storage tank pollution liability, closure and post-closure.

With some exceptions, most environmental policies are written on a “claims-made and reported” basis. Unlike occurrence forms, claims made forms require that the environmental claim must be received by the policyholder and reported to the company within the policy period or within an extended reporting period. To be continuously covered, the policyholder must continue to renew the coverage at the end of each term. Certain contractor policies may be written on either a claims-made or occurrence basis. Usually, the entire premium for environmental policies is due before coverage is initiated.

Cover under a pollution liability policy can be tailored to meet specific needs. AIG, Ace, Chubb and other global insurers, provide a range of specific coverages. Examples below from ACE Insurance are:

Premises Pollution Liability Insurance

The Premises Pollution Liability policy is designed to offer a broad range of pollution liability protection for gradual as well as sudden and accidental first and third party environmental liabilities.

Benefits

- The ability to cover business interruption and known conditions by endorsement
- The ability to cover liabilities encountered in mergers and acquisitions
- The ability to cover acquired and divested properties by endorsement

Coverage

- Clean-up costs imposed by regulators, including own premises and any offsite land, water or natural resources
- Third-party coverage for bodily injury, property damage, clean-up costs and nuisance
- Third-party claims for pollution caused by the transportation of products or waste
- First-party business interruption resulting from pollution conditions
- Environmental liability protection for damage to biodiversity, including complementary and compensatory remediation costs – this is sometime know as “Environmental Impairment Liability cover” and can actually be purchased as a stand alone cover.

Contractors Pollution Liability Insurance

The Contractors Pollution Liability (CPL) policy is designed to offer pollution liability protection for gradual as well as sudden and accidental third-party environmental liabilities arising out of the covered operations of an insured. This coverage offers protection for an insured and their subcontractors while performing covered operations at a job site.

Benefits

- The ability to tailor the policy through endorsements and manuscripted language to enhance the policy to meet the specific needs of the insured
- Coverage on a practice or project-specific basis
- Pollution 'wrap-up' solutions available for remediation or construction projects
- Automatic coverage for natural resource damage

Coverage

- Liability for third-party bodily injury, property damage, trespass, nuisance or obstruction
- Indemnity for clean-up costs incurred by the insured in relation to such third-party claims
- Costs and expenses included for all claims within the policy limits

Healthcare PPL

Healthcare PPL provides cover for pollution and facility-borne illness events for owners, operators and managers of healthcare facilities. The standard policy combines traditional, new and pre-existing pollution coverage with built-in coverage for non-owned disposal sites, transportation of waste, fungi and legionella, illicit abandonment, business interruption and catastrophe management, along with decontamination costs for a facility-borne illness event.

Benefits

- Coverage for sudden, accidental and gradual pollution
- Coverage for remediation costs for pollution on, at, or emanating from the insured locations (first & third party remediation costs)
- Coverage for emergency response
- Coverage for decontamination costs
- Coverage for business interruption
- Coverage for catastrophe management

Target Markets

- General medical facilities and offices
- Hospitals
- In-patient and out-patient surgical centres
- Long and short-term care facilities

TankSafe Storage Tank Liability Insurance

The ACE Storage Tank Liability Insurance Policy (TankSafe) is designed to offer protection against sudden and gradual first and third party environmental liabilities arising from a storage tank at a covered location.

TankSafe offers a tailored solution to meet the specific needs of facilities with on-site storage tanks.

Benefits

- Tailored policy covering pollution incidents emanating from storage tanks
- Coverage for sudden, accidental and gradual pollution
- Policy can be underwritten from the application form and supporting information only
- Automatic coverage for natural resources damage (biodiversity)
- Damage to third-party property including diminishment in value

Coverage

- Liability for third party bodily injury & property damage
- Indemnity for clean-up costs incurred by the insured in relation to a storage tank incident
- Legal defense expenses incurred in relation to a covered incident
- Coverage for fines and penalties against an insured company