Understanding Environmental Risks
Understanding Environmental Risks

- Historical pollution
- Air pollution
- Environmental damage
- Surface water run-off and wastewater effluent discharge
- Soil pollution
- Biodiversity damage
- Water pollution
- Dust
- Odour

Groundwater/Aquifer
Pollution in Action

No business is immune to Environmental Risk

It is key for businesses to understand how a pollution incident can occur as the consequences can be extremely damaging not only financially and legally but also from a social and reputational point of view.

There are many potential sources of pollution and the key to good environmental management is having the procedures in place to prevent them affecting sensitive receptors. As soon as an incident occurs, it’s critical that environmental experts are consulted alongside the Regulators to deal swiftly and appropriately to limit the consequences of such incidents.
Consequences

Mouse over on each items to read more

- Business Interruption
- Reputational Damage
- Fines and Penalties
- Legal Defence Costs
- Site Investigation Costs
- 3rd Party Bodily Injury and property damage
- First Party Clean-Up Costs
- Regulatory Clean-Up Costs
- Loss Mitigation Costs
- Environmental Damage
Understanding Environmental Risks

Fines and Penalties within the UK and beyond are on the increase. In the UK, the Environment Agency has much stronger investigation and enforcement powers than ever before as a result of the new environmental permitting regime. A clear breach of a permit is also likely to assist with civil claims from third parties.

In addition to the new permitting regime there are new sentencing guidelines that allow for much larger fines which should see environmental management move higher up the boardroom agenda. The courts have been told that fines must have a real economic impact on the offending business which will bring home to the management and shareholders the need to improve regulatory compliance. Since these changes were implemented there have been several >£1Mn fines for a range of permit breaches.

It’s important to note that fines of this nature are not covered by our insurance policies as we are not legally allowed to insure them but we do cover the legal costs involved in defending such cases.

Individual directors and officers are also exposed to liabilities arising from environmental incidents and it is critical that risk managers consider these exposures when discussing environmental risk solutions with the board.

Consequences of an Environmental Incident

Environmental Pollution incidents can have damaging consequences for a business and not all aspects are always fully considered when assessing whether you are adequately covered. If a company wants to protect its business against the exposures of an environmental loss it firstly needs to fully understand what those exposures are.

A closer look at Fines and Penalties
Understanding Environmental Risks

The growth of the world economy has led to a rising concern among the general public, media, businesses and politicians about environmental damage and its effects. When human activity causes damage to the environment, protection is needed for nature and human health. Companies and corporations bear environmental risks and can be held liable for damage, even in the case of not acting negligently.

Environmental insurance is best used alongside environmental management systems to ensure businesses are financially protected in a constantly changing world. Remember, environmental management systems do not eliminate risk.

Protecting your client’s balance sheet with cost-effective insurance solutions should not be done at the cost of omitting key coverages. Environmental extensions offered in standard casualty cover generally do not cover the wide range of possible environmental losses, potentially exposing your client to crucial coverage gaps. Damage to the environment, human health, and even legal expenses are costly and complex problems your client should not face on an uninsured basis.

Environmental Insurance will also provide companies with the expertise to respond to an incident appropriately and swiftly limiting reputational damage and long-term clean-up costs.
Why brokers and their clients choose Allianz for Environmental Liability

- The world’s largest property & casualty insurer with a network in over 160 countries
- Strongest financial rating of the leading global property and casualty insurers
- Environmental underwriting expertise
- Global capabilities, strong local presence
- Expert risk consulting
- Long tail risks require long-term partnerships

Appetite

AGCS has a broad appetite in respect of Environmental Liability. The risks we would look to provide cover for can be segmented into four categories:

Manufacturing
- Chemical, automotive, aviation, pharmaceuticals, food and beverage

Construction
- Owner/contractor controlled insurance programs, practice programs, general contractors, construction management, trade/specialty contractors

Energy
- Refineries, petrochemical and chemical plants, gas works, terminals and tank farms, exploration, development and production assets and activities (onshore), construction activities

Real Estate
- Utilities, services, hospitality, mergers and acquisitions

Standard & Poor’s

AA
(very Strong), reaffirmed Feb 2015

"AGCS has a very strong market position, being the third-largest commercial insurer worldwide in terms of gross premiums. One quality that sets AGCS apart from its competitors is the group’s global business steering. This allows AGCS to offer tailor-made global insurance services across different countries and product lines."

A.M.Best

A+
(Superior), reaffirmed Aug 2015

"AGCS SE is a significant contributor to earnings and premium income of the Allianz SE group. The visibility of the AGCS companies has been steadily increasing over the last few years. AGS SE has an excellent position as an industrial risks and specialty insurer and acts as the lead entity within the AGCS companies."
To find out more about Environmental Insurance

**Chris Strong**  
**Head of Environmental Impairment Liability – Regional Unit London**  
Allianz Global Corporate & Specialty,  
Allianz House, 60 Gracechurch Street,  
London EC3V 0HR  
Direct Line: +44 (0) 203 451 3758  
Mobile: +44 (0) 7824 126775  
Email: chris.strong@allianz.com

---

**About Allianz**  
As an international financial services company, we offer our 78 million customers worldwide products and solutions in insurance and asset management. Allianz Global Corporate & Specialty is our dedicated brand for corporate and specialty risks and insures over half of the Fortune 500® companies.