Video Summary

EnviroPro Sales Narratives

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AIG’s EnviroPro covers business’s liabilities for contamination, pollution and environmental damage, and a great deal more.   
Here are 8 key sales themes.

1. Not all pollution claims are covered by Public Liability insurance.  Pollution can happen very slowly, undiscovered for years but Public Liability policies often exclude losses from gradual pollution releases, as well as losses on your own site and biodiversity damage – all these are covered by EnviroPro
2. Environmental regulators are very powerful.  They can close you down – and if they find pollution and think you’ve caused it, it’s up to you to prove you didn’t!  This is specialist work that’s covered by EnviroPro which also covers future changes in regulations as well.
3. If you do have an environmental incident and damage a protected species or habitat then you have to restore it back to its original condition which can take years. EnviroPro pays for the specialists to take care of this – no matter how long it takes.
4. Damage the local environment and you’ll get a lot of local publicity. EnviroPro demonstrates the company had thought about its environmental responsibilities beforehand  and provides PR support to minimise reputational damage to the business.
5. You can even cause environmental damage without pollution - by fire or over abstraction of groundwater. All of this is covered by EnviroPro.
6. Contaminate someone else’s property and you could be liable for a lot more than just clean-up costs such as personal injury liabilities and their business interruption costs, as well as the costs of cleaning up your own site.  All of this is covered by EnviroPro.
7. Individual directors, managers and supervisors can be prosecuted for environmental offences with maximum penalties including prison. EnviroPro covers their investigation, defence costs and settlements.
8. EnviroPro delivers specialist environmental claims support for incidents of any size, via a 24/7 hotline across 32 countries in Europe to help businesses resume normal operations as soon as possible.

EnviroPro is for a wide range of businesses including, manufacturers, retailers, wholesalers, landowners - to learn more about selling EnviroPro have a look through this playbook and thanks for listening!

Key Sales Themes

GRADUAL POLLUTION

Although General Liability policies cover pollution caused suddenly and accidentally they probably won’t cover pollution caused gradually. This is important because it’s more common for pollution to be caused gradually than suddenly e.g. leaking pipes, repeated spills and leaks etc. Businesses need to understand this environmental limitation of their general liability coverage.

Gradually occurring pollution can cause substantial damage. It can be very hard to spot and go undiscovered for several years, travelling large distances and causing considerable contamination damage in the meantime. (Such as a gradual leak from an underground pipe finding its way into a stream or river).

In fact it’s possible that a business may suffer pollution losses for years without realising it. Management need to be aware of this and realise the true extent of their environmental exposures. EnviroPro doesn’t differentiate between gradual and sudden pollution and covers both.

GUILTY UNTIL INNOCENT?

A company suspected of causing environmental damage is ‘guilty until proven innocent’. EnviroPro covers defence and investigation costs, and provides specialist environmental support to make the best possible defence for the business

If an environmental incident occurs the Regulator will decide who they think is to blame and the accused will have to prove otherwise. Sometimes it’s assumed that the nearest activity to the incident has caused the damage.

If a company is identified as having caused the pollution, proving their innocence may not be their only concern. The Regulator’s primary motive is to fix the problem as quickly as possible, not to find out who caused it. Any costs attached to the actions the company are instructed to undertake will have to be borne by the accused company.

EnviroPro gets the right experts in quickly to find out if it really is the accused business that has caused the problem. This could involve collecting samples and laboratory analysis to find out what the pollutants are, and whether the company is actually responsible for them.

ENVIRONMENTAL REGULATORS

England and Wales, Northern Ireland and Scotland have different environmental regulators. Damage to land, water and wildlife may involve different agencies in different countries, and other regulators like Local Authorities may get involved as well. EnviroPro provides the expertise to conduct all necessary regulatory liaison on the business’s behalf – no matter how complex.

Environmental authorities have considerable environmental powers. They can enter business premises, make site investigations, remove machinery and equipment and require any questions to be answered. In an emergency the authorities can carry out clean-up works on behalf of the business and charge the business for these costs – which are covered by EnviroPro.

Environmental legislation is volatile with laws still developing throughout the EU with unknown future implications for businesses. EnviroPro removes this uncertainty by automatically providing cover for any new regulations introduced during the policy period.

LONG TERM DAMAGE

If a business causes serious contamination, water pollution or damages a protected species or habitat this is classed as **Environmental Damage**. This can embroil the business in complex and expensive clean-up operations lasting years. Note there are over 6,000 protected sites in the UK alone and many thousands more across Europe.

The business that causes Environmental Damage has to develop plans and clean-up strategies to repair the site to its original condition – including compensation for the loss of benefits from the site (like flood protection and recreation) during the years while it’s being repaired.

This is highly specialist work – EnviroPro provides the costs and environmental expertise to liaise with the necessary authorities, create the appropriate clean-up plans, and manage the clean-up operations, on behalf of the business, however long it takes.

REPUTATIONAL PROTECTION

For businesses that cause contamination, clean-up works can be very conspicuous. The noise and nuisance of vehicles and equipment involved in dealing with an incident can all raise awareness of the site works to local communities. EnviroPro can help minimise the reputational damage.

Also the media are very sensitive to local pollution scares. Prosecutions and offending companies are routinely reported in the Environment Agency’s media centre, and these in turn may be picked up and amplified by local media, naturally sensitive to local environmental issues - EnviroPro helps the business handle its media exposures…

Purchasing EnviroPro demonstrates the precautions that the business has taken with its environmental responsibilities. It aims to resolve the clean-up as soon as possible whilst covering the costs of specialist PR support to advise the business, develop communication strategies and minimise the reputational damage.

INDIVIDUAL DEFENCE COSTS

Individuals also face the possibility of personal actions for environmental damage. If directors or managers are found to have consented to the environmental offences committed by their companies they can also be prosecuted, and if guilty liable to fines and even imprisonment.

For cases tried in the Magistrates’ court, the maximum penalty is up to six months’ imprisonment, while for cases tried in the Crown Court, the maximum penalty is two years imprisonment.

EnviroPro covers investigations, defence costs and settlements for the business’s employees and for its past and present principals and directors

WIDER COSTS

If a business contaminates neighbouring property it faces a range of costs in addition to those of cleaning up the contamination, which are covered by EnviroPro.

The business could be liable for any personal injury or illness caused by the contamination and for damage to buildings and facilities caused by the contamination or by the clean-up operations. They could also be liable their neighbour’s for loss of use and business interruption costs. All these costs are covered by EnviroPro.

The business may also have to contend with damage to its own site caused by any contamination, its own clean-up costs and also its own business interruption costs while the contamination is being cleaned up. These costs are also covered by EnviroPro.

ENVIRONMENTAL CLAIMS

Environmental claims are highly technical and often require skilled resources to manage them. Following a claim, uninsured companies could end up paying substantial sums in in consulting fees and engineering support as well as direct costs related to the environmental claim itself. The necessary expertise to ensure optimum claims handling and the breadth of cover to ensure optimum claims settlement are all provided by EnviroPro.

When an environmental loss happens, it is important to involve the right people as soon as possible. Most companies haven’t dealt with an environmental loss before and may not know who turn to. At AIG we have dedicated environmental claims handlers to manage claims and our Pollution Incident Environmental Response network offers businesses local, specialist environmental support – 24 hours a day 365 days a year.

Target Market

EnviroPro is designed for a wide range of business sectors that we can underwrite from local SMEs to multinationals including:

MANUFACTURERS: from heavy industry and chemical companies to food and beverage processors. Environmental exposures including air emissions, land contamination from chemicals and solvents, waste disposal risks.

POWER AND UTILITY COMPANIES: with environmental exposures including toxic air pollutants, greenhouse gas emissions, overland transportation of fuels, waste disposal and environmental impacts of mining fuels for power generation.

RETAILERS, WHOLESALERS, BULK STORAGE AND WAREHOUSES: including environmental exposures from the previous industrial use of sites, bulk storage of chemicals and paints etc, renovations to store buildings, waste disposal, generators and storage tanks.

HAULAGE FIRMS AND LOGISTICS COMPANIES: environmental exposures can accrue from the maintenance and repair of vehicles, and run-off, spillages and disposal of engine oils, anti-freeze, and paints etc; the storage of fuel, and the transportation of hazardous materials.

CONSTRUCTION PROJECTS: construction causes more water pollution than any other sector, as well as soil pollution, air pollution, dust, emissions as well as the risk of construction activities disturbing and dispersing existing pollution on brownfield sites.

PROPERTY OWNERS AND DEVELOPERS: including environmental exposures from multi-tenured sites, potential difficulties identifying individual polluters so responsibility for cleaning-up falls on owners, who may also have responsibility for maintaining drains, highways, landscaping etc.

Cover At a Glance

Core Cover

* Biodiversity Damage
* Defence and assessment costs
* Mitigation costs to prevent the worsening of a pollution incident
* Loss arising from Gradual, as well as, Sudden and Accidental pollution conditions
* Clean-up Costs (on-site and off-site) including the repair and rebuilding costs   
  to first party property
* damaged during clean-up
* Third Party Bodily Injury and Third Party Property Damage resulting from   
  pollution
* Operational and new pollution conditions only
* Crisis Communications
* Transportation related environmental liabilities
* First party extra expense business interruption losses resulting from pollution

Optional Covers

* First party profit/loss Business Interruption losses resulting from pollution
* Contractor Operations-related risks, includes work completed by subcontractors

Claims Scenarios

Here are a number of claims scenarios to illustrate how EnviroPro could respond to a variety of businesses’ needs and environmental exposures.

LASTING DAMAGE

A pipeline ruptures in a protected area leaking oil into a nature reserve. Authorities force the business to clean up the oil and compensate the environment for the damage caused to the natural habitats and species. This entails complex, long term planning obligations for the business that could last many years. In this scenario EnviroPro is designed to cover clean-up costs, as well as the planning and liaison with environmental authorities no matter how long it takes.

CONTAMINATION REVEALED

A gradual leak from an underground fuel storage tank is discovered during a site inspection. The business was required by the regulator to carry on-site clean-up and remediation. Heating oil release from a wastewater treatment station damaged the facility and rendered it unable to treat the wastewater. The business’s operations were interrupted until the plant was cleaned and filters were replaced. In this scenario EnviroPro is designed to cover clean-up costs, liaison with the regulator and extra expense and 1st party business interruption costs to carry out wastewater treatment at another facility.

MITIGATE THE LOSS

A large tank containing oil fails on site. The site staff activate their emergency plan, placing booms in local rivers and bringing in a tanker to pump the remaining oil from the tank. In this scenario EnviroPro will pay back to the insured the costs incurred to proactively mitigate an urgent situation where an imminent threat to the environment exists and they did not have time to contact the insurer.

TOO CLOSE TO CONTAMINATION

A business in close proximity to discovered contamination is suspected of being the cause. The environmental regulator requested the suspected company to take action to mitigate and remediate the pollution. It was later proved that the suspected company was not the actual polluter. In this scenario EnviroPro is designed to support the client in investigating the source of pollution, liaising with the regulator to prove innocence and then recovering any costs from the actual polluter.

THE FINGER OF SUSPICION

After a fire at a metal recycling facility, investigations of pollutant levels revealed that the water runoff from the fire and fire suppression materials had affected the wastewater treatment plant at the Insured’s facility. In this scenario EnviroPro is designed to support the management and clean-up of a site after the fire. Note that pollution resulting from a fire is the responsibility of the site of the fire and not the fire authorities.

Podcast

The stakes are high for companies and individuals exposed to environmental risks. When an environmental incident happens, the impact can be enormous – damaging biodiversity, someone else’s property, the business’s reputation and more besides.

EnviroPro is designed to cover the environmental risks that general liability policies leave behind. Take gradual pollution. General liability policies will cover pollution that’s caused suddenly and accidentally – like a tanker hitting a bridge and spilling its load of oil.

But most pollution doesn’t happen like that – it’s usually more gradual, like a leaking pipe that drips chemicals into the surrounding land or into a river for years before it’s discovered. This can cause substantial damage, and if you only had general liability insurance, you wouldn’t be covered for it. EnviroPro doesn’t differentiate between gradual and sudden pollution – it covers all pollution conditions.

As an example, one of our clients had a pipeline rupture in a protected area and oil leaked into a nature reserve. The business was forced to clean up the site and restore it to its original state, which is often a very long and expensive process. EnviroPro covered the costs.

Repairing long-term environmental damage can take years and is highly specialised work. It involves liaising with the necessary authorities, developing clean-up plans and managing the clean-up operations. And the responsible party often has compensation to pay too, for the loss of benefits from the site during the years when it’s being restored to its original condition. All this is covered by EnviroPro.

It’s important to remember that when an environmental incident happens, you’re guilty until proven innocent – it’s one way the stakes are high for businesses with environmental exposures. The environmental regulator will assess the situation and decides who they think is to blame. That person or company must then carry out whatever remedial action the regulator deems right for the situation.

One of our clients was suspected of causing contamination, and the environmental regulator asked them to clean up the pollution and put the site right. Because they had EnviroPro cover, we were able to deploy experts quickly, to analyse the situation and find out whether they were really responsible for the pollution or not. It turned out our client wasn’t the polluter, so they weren’t obliged to sort out the problem. The regulator had made the wrong call.

In fact, environmental regulators play a big part in this story. Not only can they decide who’s guilty – in the first instance, anyway – but they have considerable other powers too. If they suspect environmental damage, they can enter business premises, make site investigations and remove equipment. They can even clean up an incident themselves and charge the alleged perpetrator for these costs.

Plus, there are lots of them! Different parts of the UK have different regulators, and damage to land, water, and wildlife may involve different agencies in different countries. Add to that the changing landscape of environmental legislation in the EU, and it’s a confusing and risky picture for businesses with environmental exposures.

Because we’ve been covering these risks for so long, we have the right expertise to liaise with regulators on clients’ behalf. Enviropro will also cover any new regulations introduced during the policy period, and will pay for any clean-up costs transferred from a regulator to one of our clients.

Another thing to bear in mind is the reputational cost of environmental damage. Local people and the media are very ready to name and shame whoever they believe is responsible for a damaging spill or leak. If a business takes out an environmental policy like EnviroPro, it shows how seriously they take their responsibilities. And in the event of an incident, EnviroPro will cover the cost of specialist PR support to advise the business, develop communication strategies, and contain reputational damage.

Other costs covered by EnviroPro include personal injury or illness caused by contamination, damage to buildings and facilities, and neighbours’ losses too, like loss of use and business interruption costs. The policy also covers investigations, defence costs and settlements for the business’s employees and for its past and present principals and directors.

On the claims side, our insureds have access to our Pollution Incident Environmental Response network, offering specialist environmental claims support, 24 hours a day, 365 days a year, across 32 countries in Europe. This enables us to help businesses resume normal operations as soon as possible.

EnviroPro is suitable for any business that’s exposed to environmental risks, including manufacturers, energy companies, haulage firms, construction companies, property developers and waste disposal firms. Find out more at AIG.com.