

## Risk Management Services

Oval's risk management team is ready and waiting to assist our client's with the ongoing development of their working practices, so that they can minimise their risk, and look to avoid any future accidents.

At Oval we will always seek new ways of reducing exposure to risks and will implement the most cost effective programmes supported by our Risk Consultants.



### Oval's Commitment to Clients

All Oval clients are allocated a dedicated team with all meetings held face-to-face at a time and place to suit our clients.

Oval maintains close relationships with all major loss adjusters (independent claims specialists who investigate complex or contentious claims on behalf of insurance companies) loss assessors (who act on behalf of the Policyholder/Claimant) and specialist claims companies.

This means that when a claim is made, a dedicated team of claims handlers will work with insurance professionals to oversee the process from start to finish, always working to minimise business disruption and achieve the fairest possible return on our client's behalf.

### Peace of Mind

Oval has access to Lloyd's and company markets and has the ability and the experience needed to implement and service global programmes.

All our insurers, backing our exclusive arrangements, carry a healthy financial rating.

## Environmental Liability

Environmental liability is the legal term used when the cost of damaging the environment is charged back to those who actually cause the damage.

This is sometimes called the 'polluter pays' principle and the ultimate goal of the rule is to reduce damage to the environment.

Of course, most companies don't intend to cause damage to the environment, but sometimes through accident or negligence, they can find that they have been directly responsible for creating the harm.

At Oval Insurance Broking (Oval), we have a team of specialist environmental consultants on hand to offer advice and work with clients, first and foremost, to minimise initial risk, but also to provide insurance to cover liability should the worst happen.

### European Environmental Liability Directive

Under the European Environmental Liability Directive, new rules are to be introduced into UK law, which will make it easier for those who cause environmental damage to be prosecuted and charged.

This means that polluters will be held entirely liable for any damage (or threat of damage) to the environment. In contrast to previous legislation, the range of liability will be widened significantly beyond the current provisions to include responsibility for:

- Remediation of contamination - which means that an organisation will be responsible for removing the contamination they have caused and reinstating the environment
- Compensation for loss of use of the environment
- Cost to reinstate the damaged ecosystem elsewhere if the original site cannot be reused



### Standard policies - What's covered and what's not?

Many companies are under the impression that their standard public liability insurance policy, or a standard property policy, will cover them in the case of causing damage to the environment. The fact is that many risks are only covered if the pollution incident is immediately known about and some are not covered at all.

#### A standard liability policy will not normally cover:-

- Damage and clean-up to an organisations own site
- Liability for clean-up costs to a claimant's property unless it follows a sudden, accidental and identifiable incident and is not ordered by an official body
- Liability for any historical contamination that migrates to another site
- Loss of use of third party property (by parties other than the insured)

#### A standard property policy will not normally cover:-

- Removal of pre-existing contamination on sites
- Damage caused by pollution or contamination
- Emergency costs to prevent third party losses

### Contact us

If you would like to know more about environmental liability, or any of the insurance or risk management information you have read about in this brochure, then please do contact us.

Oval Insurance Broking Limited  
Oval House  
Inworth Road  
Feering  
Essex, CO5 9SE

Tel: 01376 574 200  
Fax: 01376 574 222

enquiries@oval20.theovalgroup.com

[www.theovalgroup.com](http://www.theovalgroup.com)

Oval Insurance Broking Limited  
Registered Office: 9 South Parade, Wakefield, West Yorkshire WF1 1LR  
Registered in England No: 01195184  
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## How is Oval's policy different?

Oval is one of the UK's largest insurance brokers and risk management consultancies. At Oval we believe in delivering the highest possible service standards on a truly personal level; we work closely with our clients, and we listen to their needs.

Oval operates in specific specialist divisions, which means that we can ensure that our clients will always be dealing with highly trained professionals that understand their industry.

Because of this we have been able to develop with insurers, policies that cover a far wider range of potential risks than standard property or public liability policies including;

- Damage to property and clean-up costs, whether they arise from a sudden, accidental or gradual cause of pollution
- Off-site property damage
- Off-site bodily injury
- Liabilities arising from prior or new pollution incidents
- Business interruption
- Loss of rental income



What's more, we work closely with our key insurers to ensure that not only are the premiums highly competitive but that the relationship between our clients and the chosen insurer is a long and trusted one.

## Bespoke Expertise

At Oval we work with our clients to put bespoke programmes in place that cover a wide range of potential risk exposures including;

### Historical Pollution

When an organisation sells or transfers its land to another organisation, historical pollution can mean that the new owners become unwittingly responsible for old environmental contamination. It's not surprising therefore, that insurance protection from historical contamination is often a condition of that transaction.

### Land Development

Owners, funders, lenders, developers and tenants of real estate can all be held liable for clean-up and other associated losses. Policies are typically assignable to future purchases and their bankers.

### Land Transfers

Should an environmental incident occur on newly developed land owners, funders, lenders, developers and tenants of real estate can all be held liable for clean-up and other associated losses. Policies are typically assignable to future purchases and their bankers.

### Construction Operational Risks

Similarly, when a new building is being constructed, contractors can be held responsible for gradual pollution and contamination, as well as sudden and accidental events. Although they should have their own insurance in place, making claims against contractors can be difficult and incredibly time consuming. Best practice should be for an organisation to have its own insurance against any environmental problems that arise from contracting activities

### Cost Cap

Discovery of unexpected on-site contamination during the development of land can lead to significant cost increases which can in turn vastly affect the original budget. A cost cap policy can protect the developer against any additional unexpected costs to remediate from that point onwards.

## Claims Examples

### Oil Spills

When a client discovered that oil was found to be leaking into a stream from a corroded underground pipe that hadn't been checked for seven years the incident cost the company in excess of £100,000 to clean-up the mess. It wasn't a sudden or accidental event and therefore the third party damage was not covered by a standard liability policy. In addition, clean-up costs ordered by the authorities were not covered.

### Chemical Damage caused by Fire

A very serious fire at a chemical packaging site led to a serious water pollution incident after contaminated firewater entered a local watercourse. Clean-up was ordered by the Environment Agency at a cost of £500,000. The company was not insured.

Costs incurred to comply with enforcing authority orders are considered to be debts which are not covered by a normal public liability insurance since it only picks up legal damages, and there was no claim under the property insurance because of the standard pollution and contamination exclusion.

### Major Spillages

Following a major spillage of diesel that threatened a local water supply borehole, a company was obliged to spend in excess of £1.2m to clean up the contaminated soil and groundwater.

The spillage occurred on the company's site due to a leak from a fuel pipeline. Only specific environmental policies would give cover against a loss like this.



## Common Misconceptions

There are many common misconceptions when it comes to pollution, mainly because until an organisation finds itself in the middle of an incident, there is little thought given to the risks. Here is a sample of the most common myths.

**Myth** - pollution incidents are very rare.

**Fact** - there are tens of thousands of pollution incidents reported every year to UK regulators.

**Myth** - only companies handling hazardous materials need to be cautious.

**Fact** - this is far from true, in fact, oil, milk and any other organic liquid can cause as much pollution (and as much associated cost) as the more obvious hazardous materials.

**Myth** - the polluter will always be made to pay; historical damage is not the responsibility of the new owner.

**Fact** - while it is right that legally the polluter is responsible, if they cannot be found or if they go bankrupt, then landowners are frequently held liable for pollution clean-up.

**Myth** - environmental insurance is very expensive.

**Fact** - environmental insurance can be very cost effective, especially when compared to the potential outlay for remediation. Oval will work with organisations to minimise risks, meaning that the chance of an incident occurring is significantly reduced.

**Myth** - surveys are always required making it not worth the cost or the hassle.

**Fact** - it is often the case that existing information can be used to underwrite risks and if a survey is required, it is often undertaken at the insurer's expense.

**Myth** - sites have to be specially cleaned before they can be insured.

**Fact** - insurance is about risk transfer and a wide range of hazardous and polluting industries have already bought insurance e.g. waste disposal, chemicals, oil industries and land development.