



Commercial Insurance

Liability

Environmental Liability Insurance

Your world of certainty

Allianz 
Slovenská poisťovňa

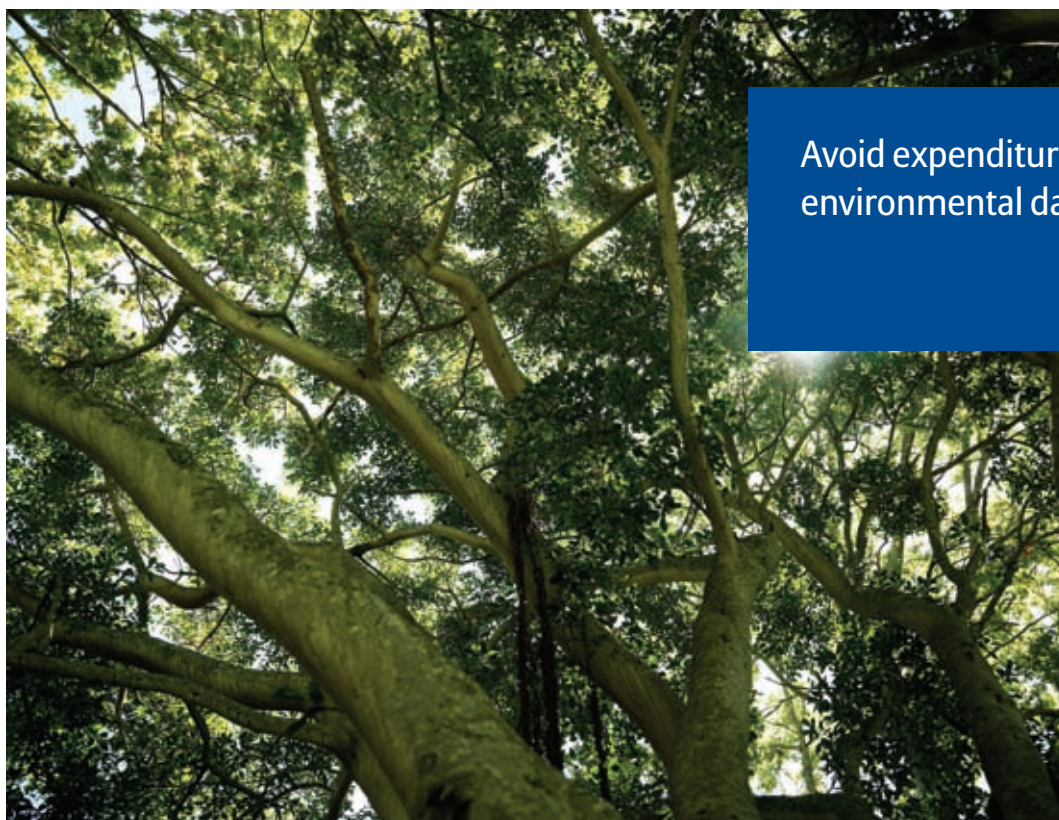
Environmental liability insurance.

In 2004, the European Union approved Directive No. 2004/35/EC on the prevention and remedying of environmental damage, which affected the creation of legislation in EU member states in the years that followed. The Slovak Republic passed a law on the prevention and remedy of environmental damage, which came into force on September 1st 2007. In regard to applicable legislation, Allianz - Slovenská poisťovňa offers Environmental liability insurance, which provides businesses with comprehensive insurance cover.

A new law and the new term environmental damage.

Due to a growing number of industrial accidents that have had a negative impact on the environment, the need arose to govern environmental damage liability in legislation. Till then businesses knew mostly of liability for

bodily harm, life and property of third parties. A new law, which implements the provisions of the EU directive, introduces the new principle of **polluter pays**. As it suggests, this means that the party causing environmental damage will be held financially responsible for it. Businesses should therefore be motivated to take preventive measures to avoid not just environmental damage, but also the



Avoid expenditure caused by environmental damage.

immediate threat of environmental damage occurring, in order to reduce potential expenses of eradicating environmental damages caused by their activities. The following authorities are responsible for ordering remedial action to be taken: Ministry of the Environment of the Slovak Republic, regional environmental authorities and local environmental authorities.

What is environmental damage?

Environmental damage refers to some serious adverse ecological or chemical impacts on:

- water
- soil
- protected species and protected biotopes of European importance

What is immediate threat of environmental damage?

It is an imminent, unexpected, unforeseeable and accidental threat of environmental damage with a strong likelihood of it happening in the near future.

What are the minimum legal requirements for compensation of environmental damage or the threat of such damage?

Preventive measures.

If environmental damage has not yet occurred, but there is an imminent threat of it occurring, the operator must take necessary preventive measures in order to avert such damage. This chiefly relates to expenses that are not related to routine maintenance or improving operating facilities.

Remedial action.

If environmental damage has already occurred, the operator must take steps to restore the polluted natural resources (water, soil, protected species and biotopes) to their original condition. If that is not possible, the operator must secure equivalent replacements of the polluted natural resource. This includes the following measures:

- primary remedy, i.e. any remedial action that would restore the polluted natural resources to the original condition in which they were before the pollution
- auxiliary remedy, i.e. restoration at a dif-

ferent locality if the primary remedy is not possible (e.g. creating conditions for the nesting of protected species in a different locality, not the original one, the use of other protected species)

- compensation remedy, i.e. compensation for temporary loss of natural resources from the moment of pollution until complete restoration of the natural resources

The operator – the polluter must cover all the said expenses, this applicable also in cases when such expenses have already been covered by a competent authority.

Did you know?

The company Boliden Apirsa SL extracted and processed pyrite ore near the Coto Doñana national park in Andalusia, Spain. The company poured waste into an artificial water reservoir, whose dam was made of mine debris. In 1998, the dam collapsed, releasing waste through a 50m long gap onto 4 500 hectares of soil. The damage including compensation of material damage to farmers was calculated at 378 million EUR.

A fire in an agricultural chemicals warehouse in Switzerland in 1986 caused the pollution of one of the longest Western European rivers. Within 24 hours of the fire breaking out, several tons of chemicals got into the Rhine. The flora and fauna in the river was damaged, and several thousand fish died. Thanks to rescue measures and because of clean water constantly flowing into the river, the original condition was restored within two years. Today the water quality in the Rhine is far better than it was before the disaster. The total damage was calculated at 90 million EUR.

What does the insurance cover?

What sort of insurance cover does Allianz - Slovenská poisťovňa offer?

We offer environmental liability insurance for damages caused by escaping polluting substances. However, the definition of the term environmental damage as found in the insurance terms and conditions is broader than the legal definition. The insurance covers not only air, water, soil and protected species and biotopes of European importance, but also species and biotopes protected within the Slovak Republic.



The insurance covers expenses related to:

- preventive measures
- remedial action in the case of pollution of water, soil, protected species and protected biotopes
- technical expenses

A specific feature of this insurance is that it does not cover environmental damage being caused to a particular aggrieved party, but instead covers the operator's expenses related to the prevention of environmental damage as well as remedial action to environmental damage that has already occurred, which the state will impose through competent authorities.

Clients can adjust the scope of cover to their own needs by choosing or combining the following insurance modules:

- **The first module** provides environmental liability insurance for damages occurring at the place of operation, which the operator uses for the purpose of undertaking its activities. For example, it covers damage occurring as a result of engine diesel leakage, which would pollute the soil on which the operator runs its business.
- **The second module** provides environmental liability insurance of damages occurring outside the place of operation. For example, it covers environmental damage

that has occurred in a river, which was polluted by diesel escaping from the operator's land.

- **The third module** covers liability for bodily harm and material damage to third parties and supplements the cover related to the escaping of polluting substances. For example, it covers bodily harm to citizens living in a housing estate caused by escaping ammonia from a nearby plant.

Does the insurance also cover environmental damage that has occurred in the past?

The insurance does not cover liability for environmental damage caused by an emission or an accident that occurred more than 30 years ago. Furthermore, insurance does not cover environmental damage that has been caused by the escape of polluting substances if the operator knew about this escape before the insurance contract was concluded.

Practical examples of some adjusted claims:

The insured has caused environmental damage while drawing off engine diesel from a train cistern wagon into the insured's own tanks. During the draw-off, some of the diesel leaked into soil through a small crack in the weld on the underside of a pipe. This small leak was not spotted during a routine inspection and so the dripping continued for about three hours. The first person to

notice that something was wrong was a fisherman, who saw an oil slick on the surface of a pond, which is 400 metres away from where the oil was being drawn off. He immediately reported the incident to a municipal office. Prompt action by fire fighters prevented the spread of the oil slick over the 2.7-hectare pond. By scattering sorbent and putting containing barriers on the pond, they rescued fish worth 0.6 million CZK. In the three hours from the time when the leaking oil was spotted, a specialised company started to carry out cleaning work. The investigation of this environmental damage revealed that diesel got into the pond through a nearby melioration drain. In spite of immediate action by involved parties (the environment department of the municipal office, the integrated rescue system team, the company authorised to liquidate waste), the total damage amounted to 8.7 million CZK. This included expenses related to the cleaning of soil and water, drilling, chemical analyses of samples, geological supervision, the transportation of waste to a dump and the biodegradation of contaminated soil. The restoration of damaged natural resources, water and soil, back to their original condition was carried out successfully over a period of two months.

Why get insurance from us?

Allianz - Slovenská poisťovňa offers you:

- a broad network of insurance intermediaries throughout the Slovak Republic. They are always ready to give you advice, make a prompt insurance proposal and conclude an insurance contract
- international experience of underwriting
- knowledge of the legal environment and conditions in Slovakia
- the ability to provide insurance cover in 70 countries through our affiliated companies
- the adjustment of claims directly in the country where the damage has occurred
- you can report the claim 7 days pre week from 7.00 am till 9.00 pm to the Infoline **Modrý telefón** on **0850 122 222, 0917.122 222** and **0902.122 222** or through the internet on website www.allianzsp.sk.

Choose from our wide offer of commercial insurance products:

- **Property insurance** – buildings and movables, glass, business interruption insurance
- **Vehicle insurance** – hull and Motor Third Party Liability insurance, insurance of wind-screen and selected risks
- **Liability insurance** – business operation liability, product liability, environmental liability, professional indemnity, management liability (D&O), employee's liability and employment practices liability insurance
- **Technical risks insurance** – Machinery Breakdown insurance and Electronics Equipment insurance, Machinery Loss Of Profit insurance (MLOP), Contractors and Erectors All Risk insurance (CAR, EAR), Advance Loss of Profit insurance (ALOP)
- **Marine and cargo insurance** – cargo, freight and carrier's liability
- **Aviation insurance** – hull aviation insurance and liability for aircraft operation and Loss of pilot Licence insurance
- **Agricultural insurance** – crops and livestock insurance
- **Financial risks insurance** – credit insurance, customs bonds, insolvency of tour operators
- **Life and other insurances** – company life insurance, group accident insurance, travel insurance for employees

www.allianzsp.sk

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