

Environmental Liabilities in Asia



Asia is going 'green'...

Global warming, the high cost of fossil fuels, public health risks and a growing public intolerance of pollution of all kinds are together impelling governments in the region to impose increasingly stringent environmental regulations on companies doing business within their borders.

Under the glaring spotlight of media coverage, government enforcement of these regulations grows more zealous every day.

The stakes are high. Even the most environmentally conscientious company can suddenly find itself mired in environmental problems that require costly litigation and generate ugly negative publicity. With this increase in environmental risk, shareholders, financial backers, project principals, potential customers, among others are more frequently including environmental indemnities and pollution insurance requirements into contractual agreements.

As this trend continues, potential environmental liabilities will loom larger and larger for every company in the region. It is an issue that demands serious attention.

Is your company at risk?

Environmental liability in Asia is rapidly growing and evolving. The risks you face today won't necessarily be the risks that you face several years from now... or even tomorrow.

Standard general liability or property insurance policies may not provide sufficient coverage against pollution issues. In fact, most standard policies offer very limited sudden and accidental coverage and they specifically do not include a definition for clean-up costs. Also, they do not cover liability associated with gradual releases of pollution to third-party property, damage to the environment on the business' owned land, or any associated business interruption expense.

At-Risk Industries

- Electronics Manufacturers
- Commercial Printers, Ink manufacturers
- Component Manufacturers
- Photographic Equipment Manufacturers
- Semiconductor Manufacturers
- Tool and Die Manufacturers
- Circuit Board Manufacturers
- Paints/Solvents and Other Chemical Manufacturers
- Plastics Good Manufacturers
- General Contractors
- Refineries
- Chemical Distributors
- Bulk-Fuel Storage facilities
- Warehouse Owners and Operators
- Pipelines
- Transportations Companies
- Soap/Detergent/Industrial Cleaner Manufacturers
- Laboratories
- Owners and Operators of Commercial Real Estate
- Higher Education Facilities (Colleges and Universities)
- Cosmetics/Shampoo Manufacturers
- Financial Institutions
- Paper/Pulp Manufacturers
- Real Estate Developers
- Medical Facilities
- Trade Contractors
- Utility companies (Power/Water)
- Environmental Services Firms
- Waste Treatment, Storage or Disposal Facilities
- Mining Operations





Common Questions:

Q. My company doesn't have any environmental risk. Why should I care?

A. Every business has a certain level of environmental risk; whether it is from current operations or historical site activities. Increased public awareness and regulatory activity means that companies need to be considering environmental issues as part of their risk management activities. Inquiring about pollution coverage and its cost allows executives to better analyze the cost benefit of insuring against environmental liabilities that their company faces.

Q. Don't I already have coverage under my general liability and property policies?

A. Cover under general liability and property policies are generally limited to sudden and accidental cover and do not explicitly state that coverages also extends to clean-up costs. Coverage for on-site clean-up costs, clean-up of soil and groundwater, gradual releases of pollution conditions, historical releases of pollution conditions and first-party business interruption may not be covered under such programs.

EIL policies on the other hand are specifically designed to cover environmental issues. The flexibility of EIL programs allows an Insured to develop a bespoke policy that fits its needs and concerns.

Q. Isn't this coverage extremely expensive?

A. Premiums are more competitive than ever in Asia and they are commensurate with the risk. More small-to-medium sized companies are considering coverage because the financial downside of a pollution release is much greater for these companies compared to a larger company that may be able to absorb the costs associated with minor incidents.

Q. Isn't the underwriting extremely laborious?

A. With underwriting authority in your region, indications and quotations can generally be provided with available information. In certain situations, surveys may be required but only after initial interest from the client has been received.

Q. How are Claims Handled?

A. Environmental claims (from initial investigation to final settlement) are handled by a claims unit local to the claim. Environmental claims present complex, technical challenges. To tackle these issues, our environmental claims unit is supported by trained professionals with backgrounds in insurance, law, finance, and environmental engineering.



Chartis purpose-built environmental coverage

Chartis environmental impairment liability insurance (EIL) is specially designed to protect your company in this age of heightened and growing environmental concern. A single policy provides seamless coverage for a broad range of environmental liability issues.

Drawing on a long and successful global record of underwriting environmental risks over many years, Chartis offers a range of specialized EIL insurance policies that provide customized environmental liability solutions for companies in every industry and business segment.

Coverage for Fixed Facilities

Chartis Pollution Legal Liability (PLL) policies are designed for fixed operating facilities. They provide against sudden and gradual pollution releases that are accidental in nature. Coverage is triggered by a Pollution Condition* and is available for a variety of options including:

- On and Off-site Clean-up Costs (including Restoration Costs*) arising from Pollution Conditions on or under an Insured Property
- Third-Party Claims for Bodily Injury and Property Damage arising from Pollution Conditions on or under an Insured Property
- Coverage for Unknown Pre-Existing and New Pollution Conditions on or under an Insured Property
- Coverage for Pollution Conditions arising from Transported Cargo
- Coverage for First Party Business Interruption arising from Pollution Conditions on or under an Insured Property

By working closely with our partners and clients, we are able to provide solutions via the PLL policy that meet regulatory and/or contractual requirements for environmental liabilities across the region.

Coverage for Service Providers

Chartis Contractor Pollution Liability (CPL) policies protect an insured service provider against environmental liabilities resulting from work performed, including work performed by a subcontractor.

With coverage for sudden and gradual Pollution Conditions that are accidental in nature, the Policy provides protection against unforeseen job-site issues that have the potential to severely impact the bottom line. With this security, service providers can focus on finishing jobs on time and within budget. The flexible policy can also be modified to provide project-specific and completed operations cover to ensure compliance with specific contractual or regulatory requirements.

Definitions

What is a Pollution Condition?

As defined in the policy, a Pollution Condition is the discharge, dispersal, release or escape of any solid, liquid, gaseous or thermal irritant, pollutant or contaminant, including, but not limited to, smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, medical waste and waste materials in or on land, or any structure on land, the atmosphere or any watercourse or body of water, including groundwater, provided such conditions are not naturally present in the environment in the amounts or concentrations discovered.

What are Restoration Costs?

As defined in the policy, Restoration Costs are the reasonable and necessary costs incurred by the Insured* with the company's written consent, which consent shall not be unreasonably withheld or delayed, to repair, replace or restore real or personal property to substantially the same condition it was in prior to being damaged during work performed in the course of incurring Clean-Up Costs*. However, such Restoration Costs* shall not exceed the net present value of such property prior to incurring Clean-Up Costs*.

* Terms defined in the pollution legal liability policy.

About Chartis

Chartis is one of the world's leading property-casualty and general insurance organizations. Serving more than 40 million commercial and personal clients in more than 160 countries and jurisdictions, Chartis has a 90-year history, one of the industry's most extensive ranges of products and services, and excellent financial strength.

Chartis is the marketing name for the worldwide property-casualty and general insurance operations of Chartis Inc.

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