

# Pollution Legal Liability Insurance

Environmental insurance covers businesses against a range of environmental liabilities and exposures. Environmental policies are designed to respond to all types of pollution – sudden, accidental and gradual – as well as clean-up regulatory obligations that are becoming extremely complex.

AIG was the first insurer in Australia to offer Pollution Legal Liability (PLL) coverage; having launched this product over 15 years ago. We are a global leader in providing environmental insurance; with over 35 years of experience in writing complex risks.

PLL policies are designed to cover liabilities arising from pollution at, on, under or migrating away from a client’s own sites. Depending on which coverage is purchased, the policy can cover new pollution arising from site operations, legacy pollution related to a site’s past history, or both new and pre-existing pollution.

## Key Information

Max limit: **\$50m**

Min premium: **\$5k**

Deductible: **Typically \$25k**

Basis: **Claims made**

Coverage is available for property damage, bodily injury, and clean-up costs arising from pollution.

Coverage can be purchased for new or pre-existing pollution.

## Coverage Highlights

We provide individually tailored insurance solutions to suit the unique requirements of your business.



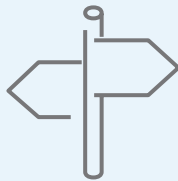
### Full pollution conditions

Gradual and sudden & accidental coverage are both covered within our definition of pollution.



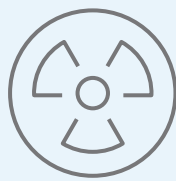
### Third party bodily injury and property damage

Includes physical injury, disease, mental anguish or emotional distress. Claims for damage to and destruction of third party property including the resulting loss of use.



### Onsite and offsite pollution clean-up

Broad coverage for pollution regardless of where it starts or finishes on the property, circumventing significant gaps in other policies including General Liability (GL) and Industrial Special Risks (ISR).



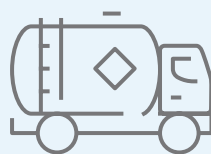
### Environmental damage clean-up

Costs associated with investigation, removal, remediation and monitoring of contamination.



### Emergency response costs

Coverage to help clients immediately respond to a pollution emergency.



### Legal liability for offsite activities

Coverage for offsite activities associated with the business, such as transportation.

## Claims Illustrations

### Fire – A chemical manufacturer burns to the ground

A manufacturer with bulk storage of chemicals suffered a fire. The water used by the fire brigade to douse the blaze mixed with the chemicals onsite, causing on and offsite contamination, including pollution of an adjacent river. The environmental regulator issued a statutory clean-up notice which was not covered by traditional policies; the subsequent clean-up cost was at least \$10m.

### A spill of liquid waste leaches into soil and groundwater

An automotive garage produced liquid waste as part of its normal operations. While loading waste barrels onto a truck, five barrels slipped off and saturated the ground. The waste leached through the soil and contaminated groundwater which fed nearby wells. The garage was ordered to excavate the contaminated soil and to compensate 40 people for property damage and bodily injury. The garage’s costs, including claim settlements, were more than \$1m.

### Migration of gas from landfill leads to record class action

Methane and CO2 emanating from a landfill made its way into the basements of neighbouring properties. After a three year legal battle involving a class action claim on behalf of 750+ homeowners, the landfill owners and operators were forced to pay out over \$20m. Contributory negligence claims are still ongoing against another 13 defendants, including directors and managers.

## Broad Appetite



### Bulk storage terminals

Bulk storage of any liquid, from wine to diesel, can lead to pollution, whether from a catastrophic spill or a gradual release.



### Manufacturing facilities

Manufacturing can involve a wide variety of chemicals, substances and materials. Processes such as waste handling and water treatment also increase the risk of pollution.



### Utilities

Gas, water and electricity utilities each have unique pollution exposures not adequately covered under traditional insurances.



### Waste treatment, recycling & disposal facilities

Facilities dealing with large quantities of waste, including landfills, are particularly exposed to gradual pollution.



### Property owners / managers – Operational risk

A property owner or manager will owe tenants and third parties duty of care including air quality (e.g., legionella). They may also have responsibility for services such as underground tanks or waste water treatment.



### Property owners / managers – Tenancy risk

If a tenant causes pollution and becomes insolvent, property owner / manager can be left with the clean-up bill.



### Services and retail

Vehicular traffic, bulk quantities of floor stock such as fertilisers or cleaning products, or incidental chemicals like waste oil or lubricants can all cause pollution.

## Holistic Risk Management

A holistic risk management approach to ensure business continuity is at the heart of AIG's insurance solutions. More than just paying for the financial losses, we also provide payment for services that help to mitigate risks, face them head-on should an incident arise, and enable clients to recover and bounce back after experiencing a loss. This includes:



### Client risk services

AIG offers risk consulting services to identify a client's key environmental exposures and provide recommendations on potential remediation options or controls, with reference to best practice and regulatory requirements.



### PIER Australia

Helping clients resume normal operations whilst minimising the costs associated with remediation and pollution liabilities, PIER can mobilise pollution response specialists to react to incidents of all sizes.



### Reducing reputational risk

Pollution incidents can impact the business's image. Holding this insurance is clear evidence that the business is managing its responsibilities. Crisis Containment Cover is available.



### Claims expertise

Backed by our extensive global capabilities and knowledge centres, AIG claims handlers offer strong and dependable customer support during times of crisis.

## WHY AIG



### Market leader

AIG is a leader in environmental insurance, providing coverage globally for over 35 years and over 15 years in Australia.



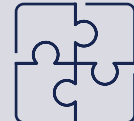
### Local expertise

With the largest environmental team in Asia, AIG provides expert decision making and added value consultancy services in local markets.



### Multinational expertise

Extensive knowledge of sophisticated multinational program structures and one of the most extensive lists of local environmental policies available in the market.



### Flexibility

Our customers can negotiate alternative insurance capital, deductibles and coverage, tailoring the ideal risk management solution for their situation.



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