



ENVIRONMENTAL LIABILITY PRODUCT OVEVIEW



As society becomes increasingly aware of the environmental challenges we face and the importance of environmental stewardship, the need for such insurance policies has grown rapidly. With our extensive knowledge of the environmental market, we are able to provide risk management along with detailed form analysis and coverage comparisons to our clients.

Environmental liability insurance policy, also known as pollution liability insurance is a specialized form of insurance coverage designed to protect against third-party claims resulting from environmental damage or pollution. These policies typically cover both sudden and gradual pollution events and help mitigate financial, legal, and reputational risks for insured parties.

COVERED FEATURES

The coverage under an environmental liability insurance policy typically includes a range of risks and damages. Some of the key aspects covered by this policy may include:

Clean-Up Costs

Environmental liability insurance can cover expenses related to clean-up and removal of pollutants or hazardous materials from a site. This includes costs associated with containment, disposal, and remediation efforts to restore the affected area.

Business Interruption

Environmental incidents can disrupt operations and result in financial losses for businesses. Environmental liability insurance often includes coverage for business interruption, compensating for lost income during the period when operations are suspended or restricted due to environmental damage.

Third-Party Claims

Often, environmental accidents can cause harm to third parties, such as nearby communities or ecosystems. Environmental liability insurance typically covers legal expenses and compensation for bodily injury, property damage, or economic losses suffered by third parties due to the insured party's environmental actions or negligence.

Pollution Liability

Environmental liability policies often cover claims arising from pollution events. These claims can include damages resulting from accidental release or discharge of pollutants into the air, water, or land. Coverage may extend to liability arising from gradual pollution, as well as sudden and accidental pollution incidents.

Legal Defense Costs

Environmental liability lawsuits can be complex, requiring specialized legal expertise. Environmental liability insurance policies typically cover legal defense costs, including attorney fees, court expenses, and expert witness fees, regardless of the outcome of the legal proceedings.

KEY FACTORS CONSIDERED BY UNDERWRITERS

To accurately evaluate the risk and potential exposure, underwriters rely on a variety of underwriting information:

Nature of the Business or Industry

Underwriters assess the type of business or industry seeking environmental liability insurance to understand the inherent risks and potential for environmental damage. Enterprises involved in industries such as oil and gas, manufacturing, construction, waste management, or transportation are often considered high-risk.

Location and Surrounding Environment

Underwriters evaluate the proximity of the business to environmentally sensitive areas, such as bodies of water, wildlife habitats, or residential areas. Locations near vulnerable ecosystems or regions with prior contamination issues may necessitate higher premiums.

Risk Management Practices

Robust risk management strategies, including stringent environmental policies, regular monitoring, and preventive measures, are viewed favorably by underwriters.

Historical Loss Data

This data provides valuable insights into past incidents, severity, and trends, enabling underwriters to assess the level of risk associated with the insured. Frequent or severe pollution incidents may lead to increased premiums, as they indicate a higher likelihood of future claims.

Limits and Deductibles

The desired coverage limits and selected deductibles also play a role in determining the premium rates. Higher limits and lower deductibles result in increased exposure for the insurer, leading to higher premiums.

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ABOUT AMG

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We provide risk management, risk consulting, insurance broking, insurance program management and claims advocacy services related advice, brokerage and associated services for clients across a wide range of business sectors.

We work with clients of all sizes to identify risks, create risk management, benefits optimization, insurance programs management and deliver innovative solutions to better qualify and manage risk.

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