



**XL CATLIN**

# **ENVIRONMENTAL INSURANCE**

Forecasting the developments in terms and conditions, product innovation and legal and legislative changes in Environmental lines

## **Sofia Lindroth**

Regional Underwriting Manager Northern and Central Europe,  
Environmental Liability

XL Catlin

19<sup>th</sup> November 2015

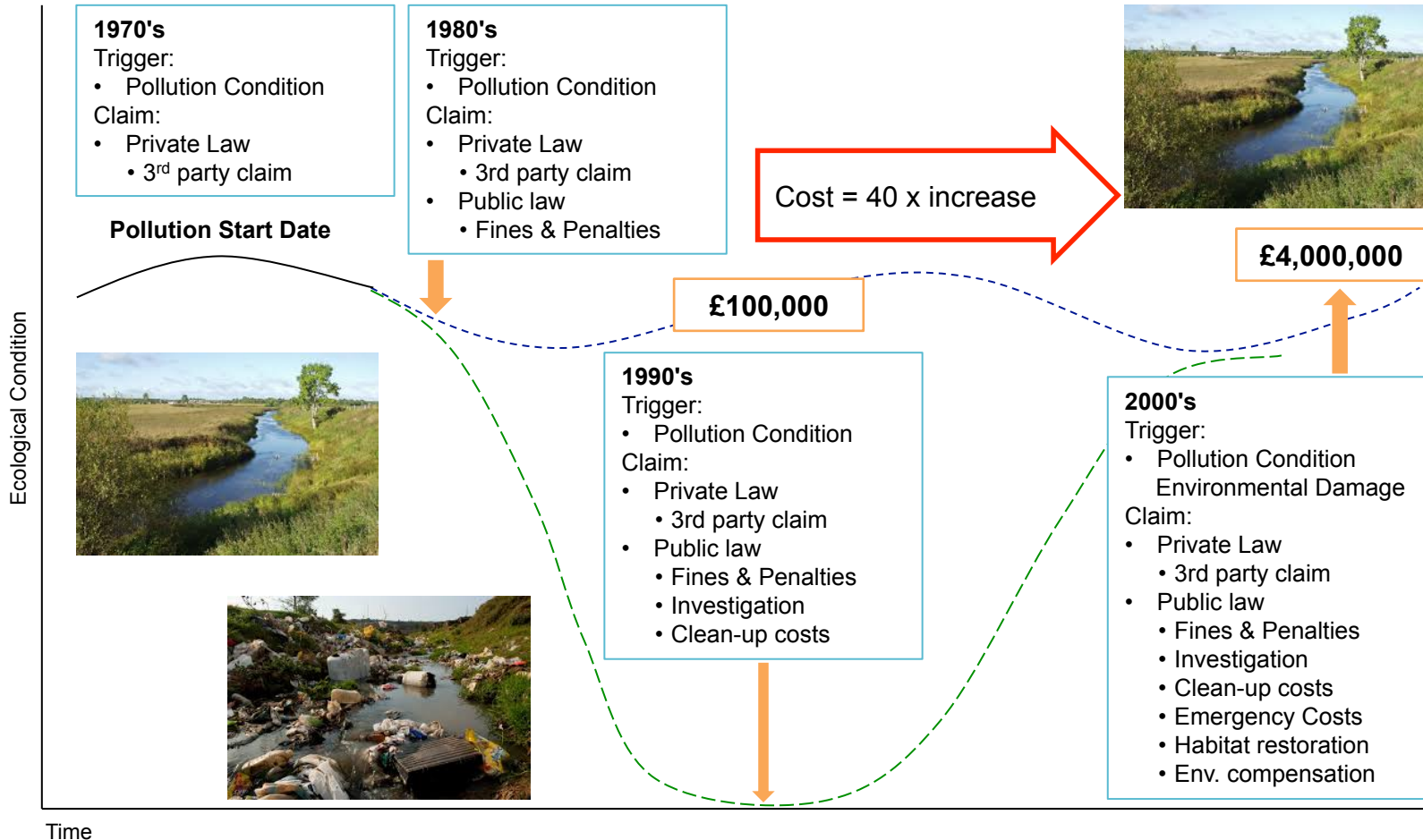
# Agenda



- Development and predicted changes in legal environment
- Development and predicted changes in environmental insurance market and product developments



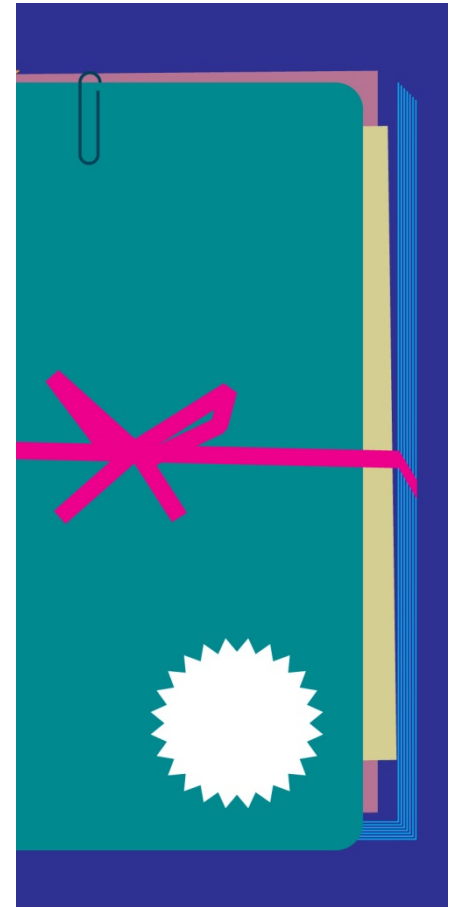
# Until now...



# What's the next step - Legal



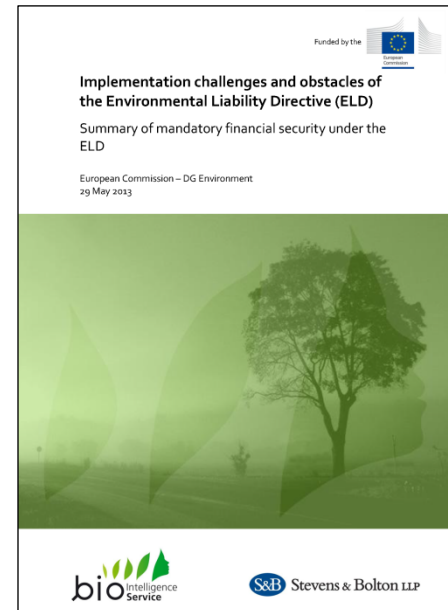
- Enforcement – fines, financial penalties
- Mandatory financial provisions?  
EU – Worldwide
- Environmental global program required to be compliant?
- Regulators fed up of paying for clean-up – forcing insurance and bonds
- More legislation?? – not necessarily, more focus on enforcement.
- Emerging markets – doing more work to catch-up



# Mandatory Financial Requirements in Europe



Country	Financial Provisions	Date
Bulgaria	Yes – linked to ELD	1 <sup>st</sup> Jan 2011
Czech Republic	Yes – linked to ELD	1 <sup>st</sup> Jan 2013
Greece	Yes – linked to ELD	1 <sup>st</sup> May 2010
Hungary	Linked to ELD	Not yet in force
Ireland	Linked to Permits	In force
Italy	Linked to ELD	Not yet in force
Poland	May be requested – not linked to ELD	In force
Portugal	Yes – linked to ELD	1 <sup>st</sup> Jan 2010
Romania	Linked to ELD	Not yet in force
Slovakia	Yes – linked to ELD	1 <sup>st</sup> July 2012
Spain	Linked to ELD	Not yet in force



## Outside of Europe

- China
- Mexico
- Argentina
- Chile
- South Korea

# Development and predicted changes in the environmental insurance market and product developments

# Problems with the Environmental Insurance market



- Clients and many insurance companies don't understand environmental liabilities
- There is no sufficiently accurate data on the costs of pollution and environmental damage to help clients understand and evaluate their risks
- A considerable volume of data exists globally, but insurers and clients only have access to a limited amount from their own clients or from companies that have become insolvent (e.g. ChemiePak).



# Where we are today



**from**

M&A-driven  
standalone market  
and complicated  
solutions for high-  
risk companies

Specialist product



**to**

Operational  
renewable policies  
for low to high-risk  
companies

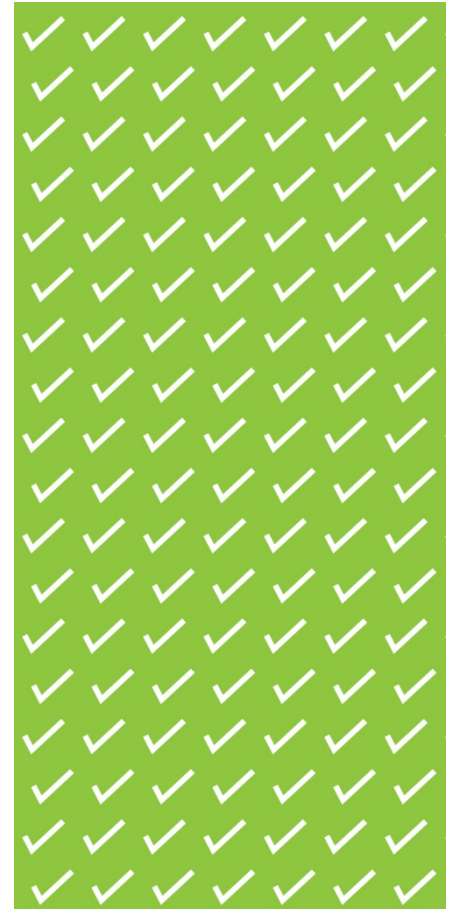
More standardized  
insurance purchase  
- Global programs  
- M&A



# What's the next step – market and product



- Environmental insurance as a risk transfer option?
  - Engineering and loss prevention recommendations can help improve environmental management and quality
  - Better risk evaluation thanks to more accurate data
- Two options:
  - More integrated into General Liability policies?
    - But EIL is **not** General Liability.
    - It is 1<sup>st</sup> Party, historic liabilities, BI, M&A, PI, Construction
  - Or standalone policies for complex risks, global accounts
- We as an industry need to meet the regulatory financial requirements
  - For example bonds attached to an insurance policies



# Questions?



# About XL Catlin



- XL Catlin is the global brand used by XL Group plc's insurance and reinsurance companies which provide property, casualty, professional and specialty products to industrial, commercial and professional firms, insurance companies and other enterprises throughout the world. To learn more, visit [xlcatlin.com](http://xlcatlin.com).
- The XL Catlin insurance companies offer property, casualty, professional, financial lines and specialty insurance products globally. Businesses that are moving the world forward choose XL Catlin as their partner. To learn more, visit [xlcatlin.com](http://xlcatlin.com).
- The XL Catlin reinsurance companies are among the world's leading reinsurers. They offer products that include aerospace, property, casualty, marine and specialty. The world's top insurers choose XL Catlin to help move their businesses forward. To learn more, visit [xlcatlin.com](http://xlcatlin.com).
- We are the organization clients look to for answers to their most complex risks and to help move their world forward. To learn more, visit [xlcatlin.com](http://xlcatlin.com).