



## In 2009 farms were the 2nd biggest polluter in the UK\* and they regularly appear in the top 3

With more exposure, farming businesses need better protection. Environmental insurance is a specialist insurance intended to cover the increasingly complex and expensive liabilities faced by farmers as a result of a pollution incident.

Land Based Underwriters was created to protect clients against the gaps in insurance cover brought on by new legislation. We have joined with XL Insurance, a major global insurer with over 30 years' experience providing environmental cover. Together we offer a comprehensive environmental liability policy specifically tailored for the farming and growing industries.

### A need for specialist environmental cover

Despite the best endeavours of farmers to manage the negative impact of their business on the environment, the potential still exists for accidents, human error or machine malfunctions to result in pollution conditions. Most people believe that pollution results from events such as fires and explosions, or accidental damage to a pipe or storage container. In reality, the majority of pollution incidents are actually caused by a small drip from a tank or pipe, or a number of releases which individually might cause no harm, but in accumulation could be harmful. Sometimes the

environmental liability is not known until it is too late and with the relevant laws in this field getting more complex and onerous, it is important to fully understand a farm's environmental exposure.

### Implications of the introduction of the Environmental Liability Directive (ELD)

The ELD takes environmental laws to the next level. It sets out detailed obligations such as the reporting of pollution incidents and gives certain natural habitats and species their own legal rights.

### Will my public & product liability insurance cover environmental exposures?

Unlike specialist environmental cover, a property or a public & products liability policy will in most cases not respond to a gradual pollution condition or first party clean-up of soil and groundwater. In addition, it is unlikely that such policies would respond to statutory liabilities following intervention by an environmental regulator where there had been no claim by a third party (e.g. the pollution of groundwater resulting in a clean-up notice).

\*Second to sewage. Figure based on Environment Agency statistics 2009.

## Public liability policies vs. environmental policies (based on a typical policy)

This table lists different types of environmental liability or loss and shows which ones are likely to be covered by public liability, public liability limited extensions and environmental impairment liability policies respectively. For a more detailed table and guidelines on the differences between common law and statutory environmental liabilities please visit [www.lbunderwriters.com](http://www.lbunderwriters.com)

	Gradual release	Statutory emergency costs/ preventative measures	Statutory clean-up of 1st party property	Statutory clean-up of 3rd party property	Biodiversity
<b>Public liability</b>	No	No	No	No	No
<b>Typical public liability limited extension</b>	No	No	No	No (majority do not change policy trigger)	No
<b>Environmental</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>