



## **ENVIRONMENTAL IMPAIRMENT LIABILITY (EIL) EXPERTS DISCUSS CAPTIVE OPPORTUNITIES**

The members and guests of the Isle of Man Captive Association (IOMCA) were provided with an informative summary of the main issues affecting EIL insurance in a seminar organised by IOMCA at the Sefton Hotel, Douglas, Isle of Man on 25th May 2011.

Firstly, David Edwin, Senior Vice President of Marsh Ltd's Environmental Practice provided background to the EIL market and outlined the main events which have helped shape that market, including the Environmental Liability Directive, highlighting the diverse range of environmental risks which an organisation can be exposed to.

David noted "it is critical that organisations are aware of environmental risks and the nature of such liabilities and that they are effectively managing such risks. Organisations need to completely understand the extent of their existing insurance protection and also be aware of the range of option available to them in the EIL market".

Duncan Spencer of Liberty Mutual Insurance Europe Ltd discussed a number of actual case studies and the issues faced by various stakeholders when an environmental incident occurs. Duncan also provided detailed examples where a captive had participated in the EIL programme. Duncan stated "EIL claims can arise in a huge variety of circumstances and can take a long time to materialise. The circumstances surrounding EIL claims can be extremely complex and insureds' need to clearly understand the extent of their insurance coverage to ensure that their cover can respond properly in the event of a claim".

Following the presentations a lively debate took place and the presenters responded knowledgeably and insightfully to a wide variety of questions.

Derek Patience, who heads up Marsh captive office in the Isle of Man and who is a member of the IOMCA Executive Committee, stated "It was excellent to have industry specialists enthusiastically sharing their wisdom so freely.

Captives are used in a variety of ways for EIL covers, including conventional policies, multi-year policies and sometimes simply to provide evidence of EIL insurance to satisfy contractual obligations or regulatory requirements"