



New Swiss Re publication examines the question: Is ecological damage insurable?

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Zurich, 3 November 2003 – Legislative initiatives within the European Union, as well as at the United Nations, the European Parliament and various countries are currently aimed at introducing a liability regime for dealing with ecological damage. In its new technical publication “The insurability of ecological damage”, Swiss Re puts forward a concept as to how the insurance industry might, from an underwriting point of view, manage the complex ecological damage risk.

Civil liability has been the instrument of choice of European lawmakers in dealing with personal property damage and bodily injury resulting from environmental damage. These regulations, based for the most part on strict liability, aim at making the polluter liable for damage – at least for damage that can be quantified and indemnified with a cash sum. The insurance industry has developed a rather comprehensive line of products to cover this type of environmental liability.

With pure ecological damage, the situation is different. Private-law liability does not apply to damage inflicted on free goods of nature that are not anyone’s private property. For their part, insurance underwriters have no way of calculating the probability of potential losses in this area, or their size; to date, therefore, insurers have not been able to offer cover for these risks.

“The insurability of ecological damage” puts forward a concept as to how the growing demand for ecological damage liability cover might be satisfied. The Swiss Re concept is based upon an examination of the varied political and legal frameworks currently used for dealing with these types of damage in Europe and the US, as well as a look at how selected insurance markets have responded.

In the environmental area, there is a tendency for civil law and public law to merge. Thus, the cover must address claims deriving from both areas. The cover concept includes both the material component of ecological damage, as well as measures to avoid such damage or

restore the damaged resources. In order to determine the extent of damage in a particular case and select the appropriate measures for intervention, cooperation between all involved parties is absolutely essential. Due to the latent claim problem that is always a factor in the environmental liability area, it is particularly important to structure cover triggers so that a particular loss can be attributed clearly to a definite insurance period.

How to obtain your copy:

English and German versions of the publication are available electronically on Swiss Re's website at <http://www.swissre.com> (under "Research & Publications").

Printed copies are available as well (order no. 1499923_03). Please fax your orders, complete with your full postal address, to:

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Notes for editors

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