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## Environmental Insurance

# Asbestos Risks

Asbestos products have been widely used in Australia since the mid-1940's as a building material for fireproofing, soundproofing and insulation.

During the 1980s asbestos materials were phased out and as of December 2013, Australia has had a total ban on the manufacture, use, reuse, import, transport, storage and sale of all forms of asbestos. Asbestos can cause soil and groundwater contamination and is linked to health conditions such as pleural plaques, asbestosis, lung cancer and mesothelioma.

While asbestos is no longer used, exposure to asbestos is still a problem through renovation and refurbishment projects. Identifying asbestos can be difficult in properties because it may be hidden in inaccessible areas. As a result, workers involved in building projects may unexpectedly encounter asbestos, releasing it into the environment. This creates short and longer term liability risks for all those involved.

Aon specialises in helping companies manage their asbestos and environmental risks.

### Asbestos Risk Exposures

#### Unknown “passive” asbestos exposures

Should routine maintenance or a specific project contribute to the release of unidentified asbestos containing materials (ACM), this can lead to:

- claims and allegations from third parties that they have been exposed to asbestos;
- future third party claims for compensation for injuries such as mesothelioma;
- third party claims for compensation for property damage, including loss of use; and
- statutory or other legal requirements to clean-up asbestos contamination

Demolition is the highest risk activity with the potential to lead to large, uncontrolled releases of asbestos.

#### Known “active” asbestos exposures

A secondary risk involves the release of asbestos during its abatement.

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### Contacts

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## Timing of Claims

Experience has shown that asbestos claims arise both in the short and long term. The risk is particularly long tail for asbestos injury claims, which typically arise years or even decades after the exposure. In most Australian states, the Statute of Limitations is unlimited for dust related diseases such as asbestos.

## Insurance Solutions

A tailored environmental insurance program can address the asbestos risk and provide short and long term financial protection.

### Coverage

An environmental policy can be structured for specific redevelopment or refurbishment projects (occurrence basis), or to insure particular locations which contain asbestos such as office buildings, on an annual renewable basis (claims-made).

The policy would provide cover for the following losses;

#### Compensation for third party bodily injury

Third party bodily injury comprises physical injury or sickness, disease, mental anguish or emotional distress sustained by any person, including death resulting therefrom.

#### Defence costs

Coverage includes fees charged by lawyers designated by the Insurer and all other fees, costs and expenses resulting from the investigation, adjustment, defence and appeal of a third party claim. Defence costs reduce the aggregate policy limit of indemnity and apply to the deductible. Coverage for legal costs is important because asbestos claims are often expensive to defend.

#### Clean-up costs

Clean-up costs are broadly defined and include expenses incurred to investigate, remediate, remove, monitor or dispose of asbestos pollution conditions to the extent required by environmental law or which have been incurred by the Environmental Protection Authority or any other relevant government agency or third parties and which are recovered by it from the Insured.

Asbestos pollution conditions are broadly defined as the discharge, dispersal, release or escape of asbestos (crocidolite, chrysotile, amosite, anthophyllite, tremolite, actinolite plus man-made mineral fibres that comprise mineral wool, rockwool, glass fibre, ceramic fibres, superfine fibres and Zeolites) into or upon land, or any structure on land, the atmosphere or any watercourse.

#### Compensation for third party property damage

Third party property damage comprising physical injury to, or destruction of, tangible property, including all resulting loss of use thereof; and loss of use of tangible property that has not been physically injured or destroyed.

#### General Advice Warning

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