

An underwater scene featuring several fish swimming in clear blue water. The fish are illuminated from above, creating a shimmering effect on their scales. Bubbles are visible in the water, adding to the dynamic feel of the scene. The overall color palette is dominated by blues and greens.

Republic of Ireland Financial Provision for Environmental Liabilities

Chubb's Capabilities

CHUBB®

What is it?

A strategic priority for Ireland's Environmental Protection Agency (EPA), protecting the public purse from costs associated with remediation and environmental damage. In October 2015 the EPA released a guidance document on financial provision for activities conducted under various authorisation regimes, including Industrial Emissions Directive, Integrated Pollution Control and waste permits.

The document 'Guidance on Financial Provision for Environmental Liabilities' is available on the EPA's website.

What does this mean?

Without adequate financial provision in place, companies may not be granted the relevant authorisation to operate a facility. There are over 700 license holders in Ireland which these provisions may affect.

The EPA's guidance document outlines a number of financial instruments which are acceptable. By working alongside the EPA and their advisors, we have implemented financial products to cover these provisions.

ELRA & CRAMP, What's the difference?

The EPA require two separate financial provisions to cover;

- a. "Incidents" - the full cost of responding and remedial measures if an incident occurs at a licensed facility, and
- b. "Closure" the costs of closure/decommissioning/restoration/aftercare/management at a licensed facility

To calculate the required financial provision for any licensed facility the license holder must commission two reports;

1. an Environmental Liabilities Risk Assessment (ELRA) covering liabilities associated with incidents, and
2. a Closure, Restoration & Aftercare Management Plan (CRAMP) covering liabilities associated with closure

Once the costings have been approved by the EPA these figures represent the amount required for each financial provision.



Our extensive background in placing policies and bonds for EPA approval provides our clients and brokers with confidence.

Why choose Chubb?

- Our environmental and surety underwriters have technical expertise in Ireland and with over 30 years combined experience we deliver a quick and efficient response time
- Our extensive background in placing policies and bonds for EPA approval provides our clients and brokers with confidence
- Chubb Limited is listed on the New York Stock Exchange (NYSE: CB) and is a component of the S&P 500 index
- AA rated by S&P - Exceptional financial strength, managing risk conservatively in both underwriting and investing

Our Surety offering

- Chubb are authorised to issue bonds in Ireland and have already issued a number of EPA approved bonds
- A surety bond is a much more attractive option than a Secured Fund/ Letter of Credit (LOC). An LOC ties up/ freezes a company's credit capacity, thus reducing its financial flexibility. Surety bonds are not utilised against a company's bank line

Our Environmental Liability offering

Cost effective - using a true risk transfer solution through insurance means that there is no requirement to reimburse a bond issuer or present the charge as a liability on the insured's balance sheet

Greater business protection - the insurance solution is significantly broader than just the EPA requirements. Cover is provided for other common liabilities in the event of both gradual and sudden and accidental releases of pollutants or an event causing biodiversity damage, such as;

- first & third-party remediation costs
- legal defence costs
- third-party bodily injury and property damage
- deminishment in value
- emergency response costs

With all claims handled by a single loss adjuster, avoiding coverage disputes with other traditional property and casualty policies.

Generally lower cost and easier to administer than any other acceptable form of financial provision.

ELRA Liabilities and Environmental Impairment Liability Insurance



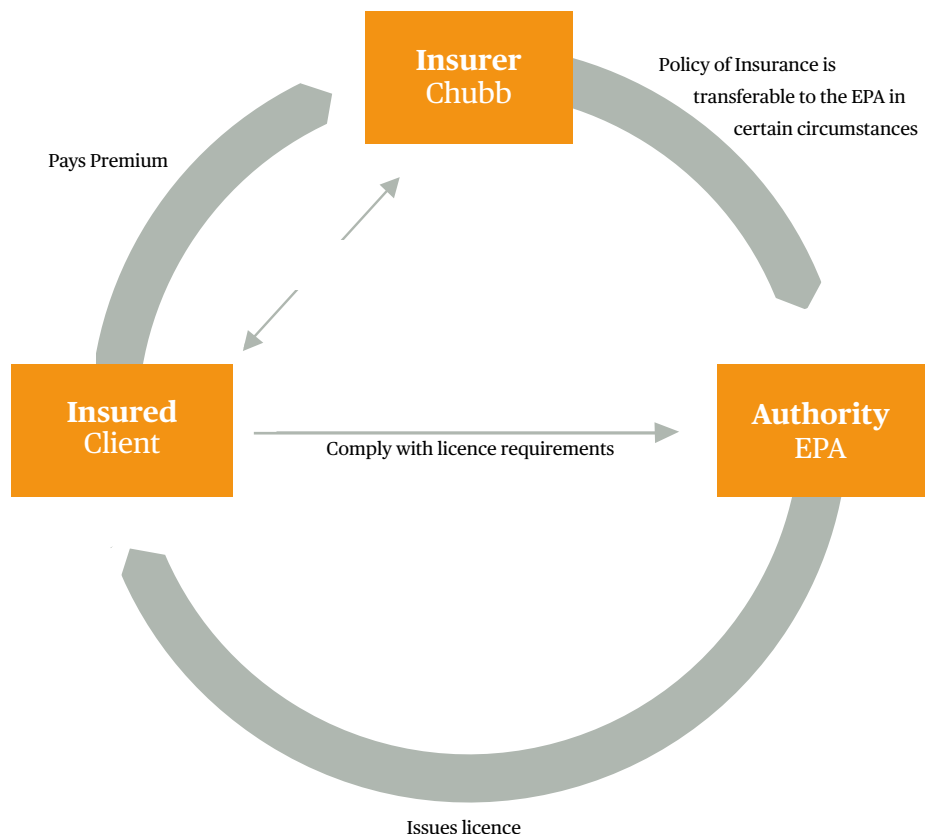
Chubb have negotiated a bespoke Environmental Impairment Liability policy enhancement, meeting the stringent financial provision requirements to cover “Incidents” or ELRA liabilities.

What’s required to cover ELRA liabilities?

- Each licensed facility requires ring-fenced limit of liability for an amount not less than the ELRA value
- The dedicated limit can be triggered by regulatory claims only
- Cover is limited to remediation costs and biodiversity damage under the EU Environmental Liability Directive 2004/35/EC
- The policy allows the EPA to become the named insured if the license holder can no longer adequately control the site (e.g. is bankrupt, deceased or has not addressed a mandate from the EPA)
- Multiple licensed facilities can be covered under a single policy and the limit ring-fenced per facility
- Cover can be added to an existing Chubb environmental policy

This policy enhancement attaches to Chubb’s existing market-leading Premises Pollution Liability policy providing clients with cover for first and third-party remediation costs, third-party legal liability, biodiversity damage, legal defence costs and loss mitigation expenses, all backed by Chubb’s award winning claims service and experienced underwriting team with local authority.

The following digram shows the interaction between Chubb, client/license holder and the EPA for ELRA liabilities.



Chubb has developed a streamlined underwriting process which allows for timely risk selection.



What information do we need and what is the process to get insured?

Chubb has developed a streamlined underwriting process which allows for timely risk selection, underwriting and policy issuance to assist clients minimise risk of licensing delays and production downtime.

- Brokers /client must provide the latest ELRA which has been approved by the EPA, inclusive of any revised costings
- A copy of the latest Annual Environmental Report and any environmental site assessment reports undertaken by a third-party environmental consulting firm, as well as any other information reasonably required to understand and underwrite the risk
- Details of any underground storage tanks (USTs) present at the facilities, including details of any storm water retention tanks, oil/water separators, pits, soakaways, basins and subsurface vessels

Upon provision of the above information, our underwriters will evaluate the risk and determine if the facility(ies) are within appetite and acceptable to our underwriting criteria.

We will provide a quote and once accepted by the broker and the client, Chubb will produce a draft policy document for submission to the EPA for their approval.

The EPA guidelines mandate cash-before-cover. This means that premium must be paid and evidenced prior to policy inception. This is extremely important from a timing perspective as the EPA require confirmation of payment.

Where required, our underwriters will assist brokers to provide evidence of Chubb's financial rating, company structure in Ireland, disclosed documentation and receipt of premium to facilitate acceptance of the policy.

CRAMP Liabilities and On-Demand Performance Bonds



The EPA guidelines require a financial provision for the cost of implementing a Closure, Restoration & Aftercare Management Plan at a licensed facility. Chubb Surety can provide a solution/product in the form of an on-demand performance bond developed and approved by the EPA.

The Performance Bond

The EPA approved on-demand performance bond is a guarantee in favour of the EPA that guarantees that the license holder complies with its obligations under the licence, particularly the fulfilment of the CRAMP obligations. In the event the license holder fails to comply with its license obligations or becomes insolvent, the EPA may demand the Surety to immediately pay them the cost of complying with the license holder's obligations. The bond is issued by the Surety and is a direct obligation of the Surety in favour of the EPA.

Duration of the Performance Bond

EPA bonds are valid for a fixed period of time, usually one year and are required to be renewed as long as the license is in place. Failure by a license holder to renew a bond, or agree an alternative financial provision with the EPA in itself constitutes a failure of the license holder to meet its obligations. Prior to the expiry of a bond, if a license holder fails to renew or agree an alternative financial provision acceptable to the EPA, the EPA is entitled to immediately call on the bond.

Surety Bonds are tripartite agreements between the Beneficiary, the Principal and the Surety.

What is Surety?

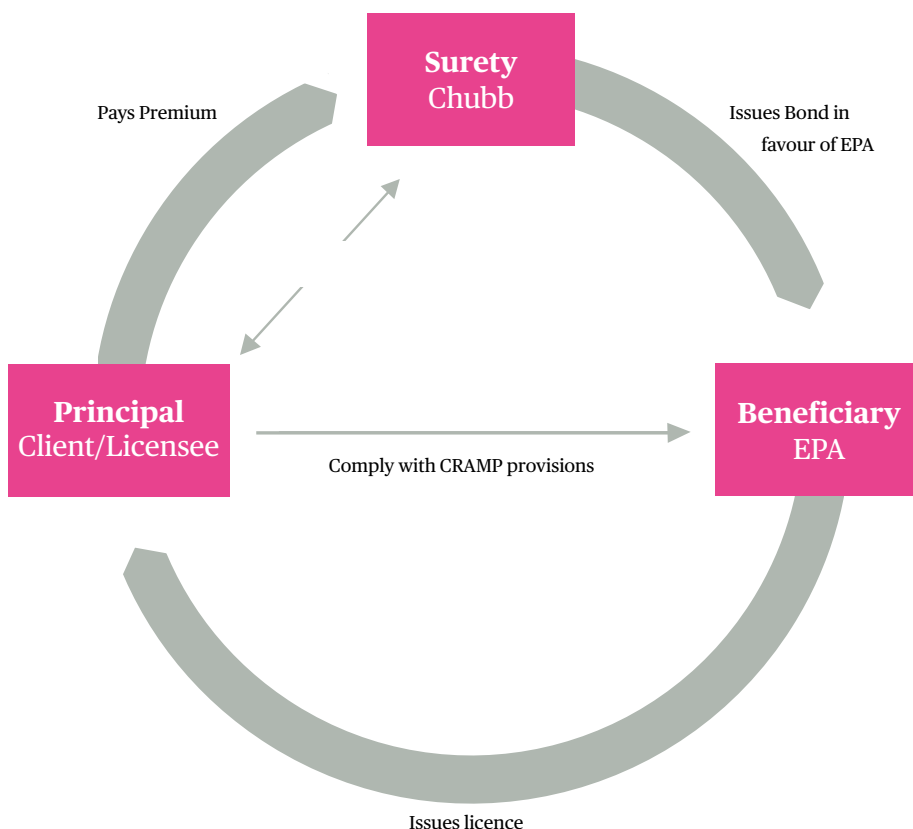
- Surety Bonds are tripartite agreements between the Beneficiary (EPA), the principal (client/license holder) and the Surety (Chubb)
- Surety Bonds usually cover an underlying agreement of performance (in this case the license holder's obligation regarding closure/restoration of a licensed facility).
- The Surety has right to seek recourse from the principal/license holder if a bond is ever called
- Recourse is governed by a counter-indemnity. This document is probably the most important document a Surety will hold. It sets out the Surety's recourse rights against the principal/license holder in return for the provision of bonds
- The principal/license holder must execute the counter-indemnity in the agreed format before any bonds will be executed or issued by the Surety

Appetite

As this instrument is extremely onerous, we are only willing to support entities of a strong financial standing. Eligible clients will need to meet the following criteria:

- Good credit risk
- Strong cash flows
- Our target markets includes entities with a tangible net worth in excess of €25 million. We will consider smaller companies with a strong financial history, but will be even more particular in our requirements
- Sector appetite includes pharma, construction, engineering, energy, waste management, mining, manufacturing and more
- Minimum bond size: €2 million

The following diagram represents the agreement between Chubb, the Client / License Holder and the EPA for CRAMP liabilities.





Contact

Office

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About Chubb

Chubb is the world's largest publicly traded property and casualty insurer. With operations in 54 countries, Chubb provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients. As an underwriting company, we assess, assume and manage risk with insight and discipline. We service and pay our claims fairly and promptly. We combine the precision of craftsmanship with decades of experience to conceive, craft and deliver the very best insurance coverage and service to individuals and families, and businesses of all sizes.

Chubb is also defined by its extensive product and service offerings, broad distribution capabilities, exceptional financial strength and local operations globally.

The company serves multinational corporations, mid-size and small businesses with property and casualty insurance and risk engineering services; affluent and high net worth individuals with substantial assets to protect; individuals purchasing life, personal accident, supplemental health, homeowners, automobile and specialty personal insurance coverage; companies and affinity groups providing or offering accident and health insurance programs and life insurance to their employees or members; and insurers managing exposures with reinsurance coverage.

Chubb's core operating insurance companies maintain financial strength ratings of AA from Standard & Poor's and A++ from A.M. Best. Chubb Limited, the parent company of Chubb, is listed on the New York Stock Exchange (NYSE: CB) and is a component of the S&P 500 index.

Chubb maintains executive offices in Zurich, New York, London and other locations, and employs approximately 31,000 people worldwide.

Chubb. Insured.SM



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Registered in Ireland No. 904967 at 5 George's Dock, Dublin 1.

Chubb European Group SE is an undertaking governed by the provisions of the French insurance code with registration number 450 327 374 RCS Nanterre and the following registered office: La Tour Carpe Diem, 31 Place des Corolles, Esplanade Nord, 92400 Courbevoie, France. Chubb European Group SE has fully paid share capital of €896,176,662.