

From: [REDACTED]
To: [Agriculture and Environment Committee](#)
Cc: [REDACTED]
Subject: [REDACTED] Submission: Environmental Protection (Chain of Responsibility) Amendment Bill 2016
Date: Wednesday, 30 March 2016 11:27:55 AM
Attachments: [National Standard for environmental risk management of industrial chemicals.msg](#)
[Environmental Insurance Mitigates Risk 2016.pdf](#)
[Practical Uses of Environmental Insurance 6-22-07.pdf](#)
Importance: Low

Attention:
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Environmental Protection (Chain of Responsibility) Amendment Bill 2016

Submission:

The purpose of the Bill is to amend the [Environmental Protection Act 1994](#) (EP Act) and to decide whether the value of the benefits are likely to exceed the costs and can the outcome be guaranteed (stop loss) through the use of Environmental Insurance.

Environmental Insurance addresses the outcomes sought by the Amendment Bill 2016 by:

- Facilitating enhanced environmental protection for sites operated by companies in financial difficulty and
- Allows the State to avoid bearing the costs for managing and rehabilitating sites in financial difficulty.

How is this achieved?

ANY robust risk scope leads to risk analysis which must deal explicitly with certainties *and uncertainties*. It is the uncertainties or fortuities that the state is still 100% liable for but through Environmental Insurance these uncertainties are capped.

It is through the process of risk analysis that chance of catastrophe is applied to worse case possible loss and the uncertainties therefore are capped through insurance.

In **Hamcor** Pty Ltd & Anor **v Marsh** Pty Ltd & Anor [2013] a pesticide manufacturer in QLD refused to purchase Environmental Insurance that would cover their liability in the event of a fire at the premises. The process of arranging cover requires a risk analysis which would have resulted in a recommendation to (at least) increase the bunding around the premises and perhaps reduce stockpiling. A fire at the premises ensued causing \$9,000,000 damage to the environment. The EPA was left with the bill as Hamcor failed to account for their Environmental Uncertainties and failed to purchase Environmental Insurance.

The cost for environmental insurance is not the barrier, it's whether the business has prepared itself for the worst case scenario. Another environmental insurance cover also provides the funds for a business in case of liquidation so that the waste or contaminants on site can be contained and mitigated after closure. We have had some success with the NSW EPA supporting these products as it is far more affordable than forcing the entity to purchase a bank guarantee which also reduces their cash flow.

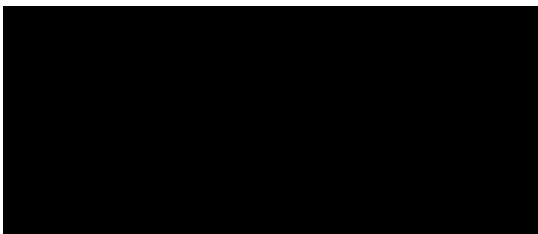
The insurance sector is eager to learn that the QLD Government recognises the valuable role that Environmental Insurance can play (www.environmentalinsurance.com.au) in improving the knowledge of their constituents who will need to comply with the standards of Amendment Bill 2016.

Practically speaking, the insurance sector creates their own "international standards" (also known as "warranties" or "subjectivities") by excluding ANY Environmental Insurance "claim" under ANY policy until such time as a risk analysis has been conducted and that the applicant can demonstrate that they have met the standards of Amendment Bill 2016.

From a precautionary principle, does not therefore the **Environmental Protection (Chain of Responsibility) Amendment Bill 2016** need to go beyond "precise constructs" and address fortuitous risk modelling to which Environmental Insurance can be applied as its own standard ergo underpinning the Amendment Bill 2016?

Supporting documentation attached.

Yours sincerely



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