

Environmental impairment liability insurance in Finland

Information about environmental insurance

The Finnish Environmental Insurance Centre ultimately safeguards the rights of the affected party by handling environmental damage caused by the unknown, uninsured and insolvent. Its members include all insurance companies granting environmental impairment liability insurance policies in Finland.

Environmental
Insurance
centre

Who must take out insurance?

According to the law, environmental impairment liability insurance must be obtained by a private legal entity whose operations involve an essential risk of environmental damage or whose activities generally cause damage to the environment. The policy is taken out with a non-life insurance company.

The obligation concerns general partnerships, limited partnerships, limited liability companies, public limited companies, cooperatives and foundations whose operations require

- > an environmental permit issued by a Regional State Administrative Agency or
- > a permit granted by the Finnish Safety and Chemicals Agency (Tukes) for processing or storing hazardous chemicals.

The obligation to insure does not apply to operations related to the storage or distribution of oil products, the manufacture of lubricants, the remediation of a contaminated area or the utilisation of waste.

Why must insurance be taken out?

Compensable environmental damage is damage caused by operations performed in a specific area that arises from the following:

- > Contaminated water, air or soil
- > Noise, vibration, radiation, light, heat or odour
- > Any similar disruption.

The primary liability for environmental damage lies with the company that caused the damage. It must compensate for the damage in full. Compensation is generally paid out of the liability insurance of the party that caused the damage.

Statutory environmental impairment liability insurance ensures compensation for the affected party in situations where the party that caused the environmental damage has discontinued its operations, has become bankrupt or has otherwise been declared insolvent. Environmental impairment liability insurance also covers damage caused by a party that has neglected its obligation to take out insurance and damage caused by an unknown party.

Compensable environmental damage includes personal injuries and property damage, as well as pure property damage, if not minor. Statutory insurance also covers salvage costs and environmental remediation costs. It concerns damage arising from operations carried out after the beginning of 1999. Damage incurred before that time is not compensated for, even if it has been detected after the beginning of 1999.

Claims are processed by the Environmental Insurance Centre

All damage reports filed in accordance with the Finnish Act on Compensation for Environmental Damage are processed by the Environmental Insurance Centre.

Compensation will not be paid for damage covered by another law (e.g. the Act on the Oil Pollution Compensation Fund).

Compensation for personal injuries and property damage is determined in accordance with the Tort Liability Act. Pure property damage is not compensated for if the damage is minor. However, damage caused by crime is always compensated for.

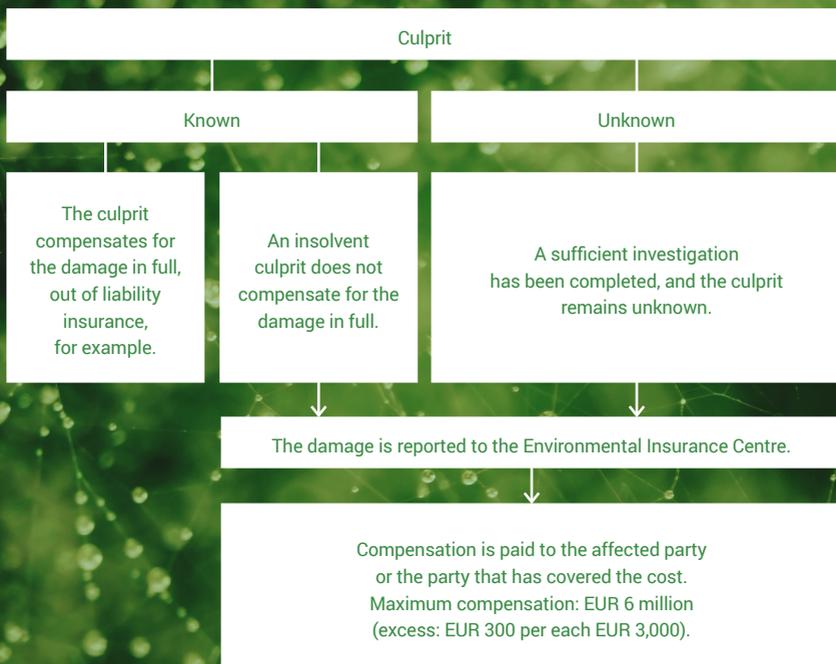
If a party has neglected its obligation to take out insurance, the Environmental Insurance Centre imposes a penalty premium by applying a multiplying factor to the average insurance premium. The obligation to take out insurance is monitored by the regional Centres for Economic Development, Transport and the Environment.



Examples of compensation paid out of environmental impairment liability insurance:
www.yvk.fi/en/examples



Processing of environmental damage reports



Environmental Insurance centre

Environmental Insurance Centre

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