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**EUROPEAN BUSINESS ASSOCIATIONS AND INSURANCE SECTOR CONCERNED ABOUT FUTURE
DIRECTIVE ON ENVIRONMENTAL LIABILITY**

In view of the upcoming Council of Environmental affairs Ministers on the 4th of March, EUROCHAMBRES, UEAPME and UNICE, and the insurance sector representatives BIPAR and the Comité Européen des Assurances* have issued a common statement in which they highlight their concerns. These organisations urge the EU Ministers for Environment and the Greek Presidency to take the appropriate measures, which will allow the development of insurance solutions and guarantee an efficient protection of the European environment, while allowing businesses to grow and prosper in the spirit of sustainable development.

This unprecedented initiative in the field of environment proves the major repercussions that the current proposal for a directive on Environmental Liability will have on businesses and insurance.

While acknowledging the long-term work done by the European Commission to create a legal framework for the prevention and restoration of environmental damages, the organisations underline that considering the current situation, such a Directive can only live up to its expectations if the following elements are taken into account in the policy discussion:

- In order for environmental liability to become a reality and for the principle of “polluter pays” to be implemented, **it is important that the directive contains the prerequisites that will allow insurers to set up schemes to cover environmental damages.** Yet, making insurance compulsory does not generate availability.
- The insurance market can only function in a well-defined scheme. **Environmental damage and damage to biodiversity in particular are new concepts, as is compensatory restoration and coverage of interim losses** (interim: time lag between discovery and recovery of damage). The insurance markets have no experience in this particular field and quantification of risks is currently impossible, which would mean insurances not being available for most businesses.

In order to encourage insurance in this new area, a number of adjustments need to be introduced.

- Firstly, the scope covered must be well established and limited. Therefore, **restricting the scope of the Directive to the sites designated to form part of the future Natura 2000 network is appropriate.** This network represents Europe’s natural heritage.
- Secondly, **the current permit and state of the art exemption must be maintained.** Permits are not a ‘licence to pollute’, but a preventive instrument – they set out strict guidelines, drawn up by the authorities, taking into account specific health, safety and environmental concerns.
- Thirdly, there is a need to consider **limited liability.** It will help maintain the profitability of firms, ensure their future functioning, promote innovation and R&D and secure legal certainty. However according to the CEA, it is wrong to assume that setting limits on liability, together with a system of compulsory insurance, encourages the insurability of the system and enables a definitive solution to be found.

The common statement can be downloaded at:

BIPAR: www.biparweb.org

CEA : www.cea.assur.org

EUROCHAMBRES : www.eurochambres.be

UEAPME : www.ueapme.com/pressroom

UNICE: www.unice.org

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BIPAR

BIPAR, the European Federation of Insurance Intermediaries, groups 43 national associations of insurance intermediaries from all over geographical Europe.

It represents about 80,000 self-employed and corporate professional insurance brokers and agents from some 30 countries that do business in virtually all the countries of the world and employ more than 500,000 people.

CEA

The Comité Européen des Assurances (CEA) brings together the views of the European insurance industry and helps to present one influential voice on behalf of this market, especially in areas of change, such as regulation. It regroups 30 national member associations and represents over 5000 European insurance companies with a total premium income of 855 bn Euros (2001 figures).

EUROCHAMBRES

Eurochambres is the Brussels-based Association of European Chambers of Commerce and Industry. It represents 40 national associations of Chambers and a network of 1,600 regional and local Chambers with over 15 million companies and 100 million employees mainly in the 15 EU Member States and the candidate countries.

Eurochambres works hand in hand with European Institutions in promoting a positive, competitive, pro-business environment.

UEAPME

UEAPME is the employer's organisation representing the interests, at European level, of crafts, trades and SME's in the European Union and countries applying for accession to the European Union. Its 72 member organisations consist of national cross-sectorial federations, European branch federations and other associate members, which support the SME family. Across the whole of Europe, UEAPME represents over 10 million enterprises with nearly 50 million employees. UEAPME is a European Social Partner.

UNICE

UNICE is the official voice of more than 16 million small, medium and large companies active in Europe, employing over 106 million people. Active in European affairs since 1958, UNICE's members are 34 central industrial and employers' federations from 27 countries, working together to achieve growth and competitiveness in Europe.