



Ministry of Environment



Environmental impairment
liability Insurance Business Group

Environmental Impairment Liability Insurance

Quick and fair compensation for environmental pollution victims!
Sustainable management environment for businesses!



EIL insurance

The EIL insurance protects you from the liability for damages caused by your place of business.

Damages caused by environmental pollution

refers to the bodily injury and property damage caused to others by air pollution, water pollution, soil pollution, marine pollution, noise, vibration and/or other type of damage caused by installation and operation of a facility, except for the damages caused to the business which installed and operated the facility and the damages caused to the employees of the business while they were at work.





Implementation & progress of the EIL insurance

Since the relevant law was enacted in December 2014, now the EIL insurance business is in its 4th stage (June, 2024 ~ May, 2027)



Effects of the EIL insurance

Residents can be promptly covered by the EIL insurance and the businesses can prevent bankruptcy due to huge losses by spreading the risk of liability.

		After Enforcement
Before Enforcement		
 Victims	Slow compensation → Unclear liability, drawn-out litigation	Fast and fair compensation → Clear liability and reduced burden of proof
 Factory	Unexpected accident and huge losses → Risk of bankruptcy	Dispersed liability → Sustainable and responsible business
 Government	Too much funding in case of mega accidents → Waste of taxpayer money	Compensation through insurance → Saving taxpayer money
 Environment	Post-accident management → Possibility of damages spilling over	Immediate action upon pollution accidents → Rapid action to prevent damages from spilling over

Who is required to have EIL insurance?

A business that installs, operates or owns one or more of the following facilities must have EIL insurance for all environment-related facilities in the applicable places of business.

EIL insurance-required facilities	
Air	<ul style="list-style-type: none"> Facilities that emit the specified air-polluting hazardous substances (Type 1 through 5) Facilities that emit air-polluting substances in the Type1 place of business
Water	<ul style="list-style-type: none"> Facilities that discharge the specified water-polluting hazardous substances (Type 1 through 5) Facilities that discharge waste water in the Type1 place of business (including non-discharging facilities)
Wastes	<ul style="list-style-type: none"> Facilities that process the designated wastes <p><small>*Not applicable to the designated wastes collection and transportation business and the designated wastes discharging facilities, which do not have the designated wastes processing facility.</small></p>
Soil	<ul style="list-style-type: none"> The following facilities among the specified facilities requiring soil pollution management <ul style="list-style-type: none"> → Petrochemical product manufacturing and storage facilities with a storage capacity of 1,000 kL or more. → Hazardous chemical substances manufacturing and storage facilities, which handle the substance requiring preparation for accident at the upper-tier qualifying quantities or above. → Oil pipe prescribed by the Oil Pipe Safety Management Act
Hazardous Chemical Substances	<ul style="list-style-type: none"> A place of business that handles the substance requiring preparation for accident at the upper-tier qualifying quantities or above.
Sea	<ul style="list-style-type: none"> The following marine facilities <ul style="list-style-type: none"> → Oil and hazardous liquid storage (including stockpile) facilities with a combined capacity of 300kL or more. → Pollutant storage facilities with a combined capacity of 300kL or more.

* Failure to obtain EIL insurance may result in an administrative disposition.

Please refer to Article 29 of the Enforcement Decree of the Act on Liability for Environmental Damage and Relief Thereof for details of the administrative disposition.

Premium Discount

The total premium of EIL insurance varies by place of business as it is calculated based on the site inspection-report (the materials discharged and the amount, etc.) submitted by each place of business. Different discount rates including no-accident discount rate applies based on the scores from the facility evaluation items in the site inspection report, so please fill out the form carefully.



Limit covered by EIL Insurance

Up to KRW 30bn is covered with a limit set for each group of business type (A, B, C groups) in accordance with Article 8.2 of the Enforcement Decree of the Act on Liability for Environmental Damage and Relief Thereof.



Main Points of the EIL Insurance Terms & Conditions

► What is covered

EIL insurance covers most damages caused by environmental pollution, but does not cover damages caused intentionally by the policyholder, war, earthquake, etc. under the terms & conditions.

① Loss caused by an environmental pollution damage arising from the operation (including pilot test as stated in the Definition) of the facility described in the insurance policy, resulting in a claim filed against the insured during the insurance period and the insured being legally liable to compensate to the victim.

1. **Compensation** for damage that the insured is **legally liable** to pay to the victim

2. The following costs paid by the policyholder or the insured:

A. Necessary or useful expenses incurred by the insured in order to prevent or lessen the damage (**damage prevention cost**). However, the pollution cleanup cost within the place of business is not covered.

B. Necessary or useful expenses incurred by the insured to protect or exercise the right to be compensated for the damage (**the cost to preserve the right**)

C. Costs of litigation, legal counsel, arbitration, reconciliation or mediation paid by the insured (**litigation and mediation costs**)

D. Deposit the guarantee insurance premium for the amount not exceeding the coverage limit prescribed in the insurance policy (**no obligation to provide the guarantee**)

E. Costs paid by the insured to meet the requirements of the insurer (**cooperation cost**)

② First claim for damage compensation filed during the insurance period (based on the compensation claim filed)

► What is not covered

- Damage caused intentionally by the policyholder, the insured, the legal representative
- Damage caused by war, rebellion, terror, riot, or other similar events
- Damage caused by earthquake, volcanic eruption, flood, tsunami, or other natural disasters
- Damage to a person having a lawful right to the property owned, used or managed by the insured
- Damage aggravated by an agreement on damage compensation
- Damage occurred by nuclear fuel materials, radiation, or radioactive contamination
- Damages occurred by asbestos, electromagnetic wave or electromagnetic field
- Penalties or punitive damages
- Damages occurred by cold or hot water
- Accident that occurred or compensation claim that had been raised before the retroactive coverage date
- Liability for damages caused by repair, remodeling, new construction or demolition of the facility. But the damage caused by **ordinary maintenance or repair work** is **covered** (not applicable when it is subject to approval or reporting as prescribed by Article 3 of the Oil Pipe Safety Management Act)
- Damage caused by physical disability (including death caused by the disability) suffered by the executive or the worker of the insured as result of his or her exposure to the environmental pollution while engaged in the business of the insured
- Claims for damages caused by a decline in real estate price
- Damage covered by the automobile liability insurance (Person 1 and Person 2)
- Damage caused by noise or vibration
- Damage caused by illegal discharge in accordance with Article 2. (1) and (2) of the Act on the Control and Aggravated Punishment of Environmental Offenses (Clean Air Conservation Act and Clean Water Conservation Act)

EIL Insurance Claim Cases



| Case 1

Year of accident	2019
Type of accident	Water pollution
Description	A business stacked its power paint near the warehouse building which caught fire, and during the extinguishment process, firefighting water released power paint into a branch of a stream.
Damage	The business owner was compensated for the restoration cost of the stream water contaminated by the powder paint.
Claim amount	Approximately KRW 50 million



| Case 2

Year of accident	2021
Type of accident	Air pollution
Description	A back-filter in dust collection facility installed in a place of business was torn, causing the metal powder to be released into the air.
Damage	The released metal powder damaged buildings and other properties nearby and the people living nearby were compensated.
Claim amount	Approximately 140 million



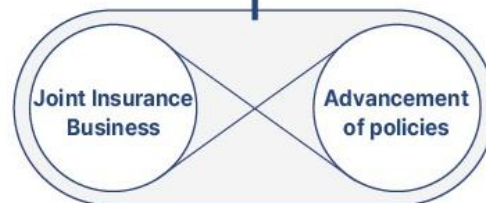
Establishment and roles of EIL insurance business group



The environmental impairment liability insurance business group ("the Group") was established as prescribed by Paragraph 2, Article 18 of the Act on Liability for Environmental Damage and Relief Thereof, to ensure that the environmental impairment liability insurance business will be carried out effectively and for public benefit. The Group is playing a critical role in carrying out the environmental impairment liability insurance business in a stable manner by operating the related computer system, improving institutions/policies and preventing damages through site surveys, and training the public officials in charge of giving permits and approvals, among others.

Become the best expert in environmental liability insurance to help hedge the environmental pollution risk.

Environmental Liability Insurance Business Group



Areas of business



Supporting the Insurance System

Studying policies/institutions regarding the EIL

Research on how to advance the EIL, including holding expert forums and studying how to improve relevant policies/institutions

Running a damage compensation committee

Establish an expert committee to help support damage assessment in relation to large accidents and/or compensation issues

Promoting the EIL

Promote the EIL and provide information on who can buy it and how to file for a claim



Preventing the Damages of Environmental Pollution

Environmental safety management inspections

Inspect facilities for any environmental pollution risk and safety management (on behalf of Ministry of Environment)

Projects designed to help the insured prevent environmental pollution damages

Provide consulting on environmental safety management, help improve safety management for facilities and environment, provide plans to reduce discharge of pollutants

Environment and health services

Inspect any exposure of nearby residents to pollutants and provide services such as medical checkup



Insurance Information Management

Running an EIL network system

Integrated management of information on the places of business under the EIL

Managing places of business under the EIL

Gather statistics on the places of business that purchased the EIL and help promote it to those businesses that have not yet bought.

Training for public officials

Share information on the EIL and how to use the insurance network with the public officials who handle environmental facility permit

The EIL insurance application process

- ✓ Check if your place of business is mandated to buy the insurance. If so, check the risk group (Group Ga, Group Na or Group Da) and the sum insured.
- ✓ If you must purchase the EIL insurance, please download and fill out the checklist from the EIL insurance management system website (www.eilkorea.or.kr) and send it to the lead insurer (DB Insurance Co., Ltd.).
- ✓ When purchasing the EIL insurance, you may do so before applying for the license for your place of business.



Check if you are mandated to buy the insurance.

- <https://www.eilkorea.or.kr> (EIL website)
- Bulletin board in the bottom left of the menu / Business place code : Inquire by the Business Registration Number
- Check if you are mandated to buy the insurance. (You must check the business place code.)

You are mandated

Not eligible

Check the sum insured

- Select the sum insured from the menu on the left side of the website
- Click your facility. Enter the size of your facility and click OK. (Group Ga, Group Na, Group Na (Small Business), Group Da or Group Da (Small Business))

Fill out the checklist.

- Fill out the business place checklist and the business place emission (processing) volume form posted in the announcement section of the EIL website.

Submit the checklist and other required application documents.

- Submit them to the person in charge of sales at the lead insurer (DB Insurance Co., Ltd.)
- Required application documents: The business registration certificate, licenses (including the ones for materials) and proof of amount of substance

Get a premium quote



Sign the application form



Insurance policy is bound

Apply for license.

- Submit the insurance policy to the regulators such as local governments, to apply for license.

Claims payment process

Accident reporting

- Dedicated EIL call center (DB Insurance Co., Ltd. 1670-5420)
- When a damage occurs due to an environmental accident, report the accident by notifying the details.



Accident investigation

A lead insurer investigates the reported accident.



Payment decision

Claim payment is determined based on the investigation result.



Payment

The determined claim is paid



FAQs



Business details



Address 12th Fl., 210, Gangnam-daero, Seocho-gu, Seoul, Korea
Telephone +82-2-2124-4811 / www.eigkorea.or.kr