



Breakfast Briefing

Redundant Assets – There is more than one way out!

Tuesday 12th November 2013



The UK Chapter is grateful to its Annual Sponsors:



Upcoming Events

2013

13 th November	Mentoring Master Class Young Leaders
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3 rd December	Annual Awards Breakfast
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11 th December	Christmas Party
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2014

9 th January	2014 Prediction and Resolutions Breakfast Briefing
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10 th February	M&I Post Office Visit
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26 th February	1 Big Day Annual Summit
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Connect.

Learn.

Grow.

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Programme



8:30

Welcome

8:40

Guest Speakers

9:25

Panel Discussion and Q&A

10:00

Close (Coffee and Networking)

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Welcome

Peter Holden
Partner
ARCADIS EC Harris

Market Overview – Sarah Whittington
Science and Technology – Katy Baker
The Role of Insurance – Stephen Sykes
Health & Safety Moment

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Concrete slab and unsafe access

Operative's position within the excavation



Absence of edge protection/bunding, stop blocks, signage and banksmen, stored spoil



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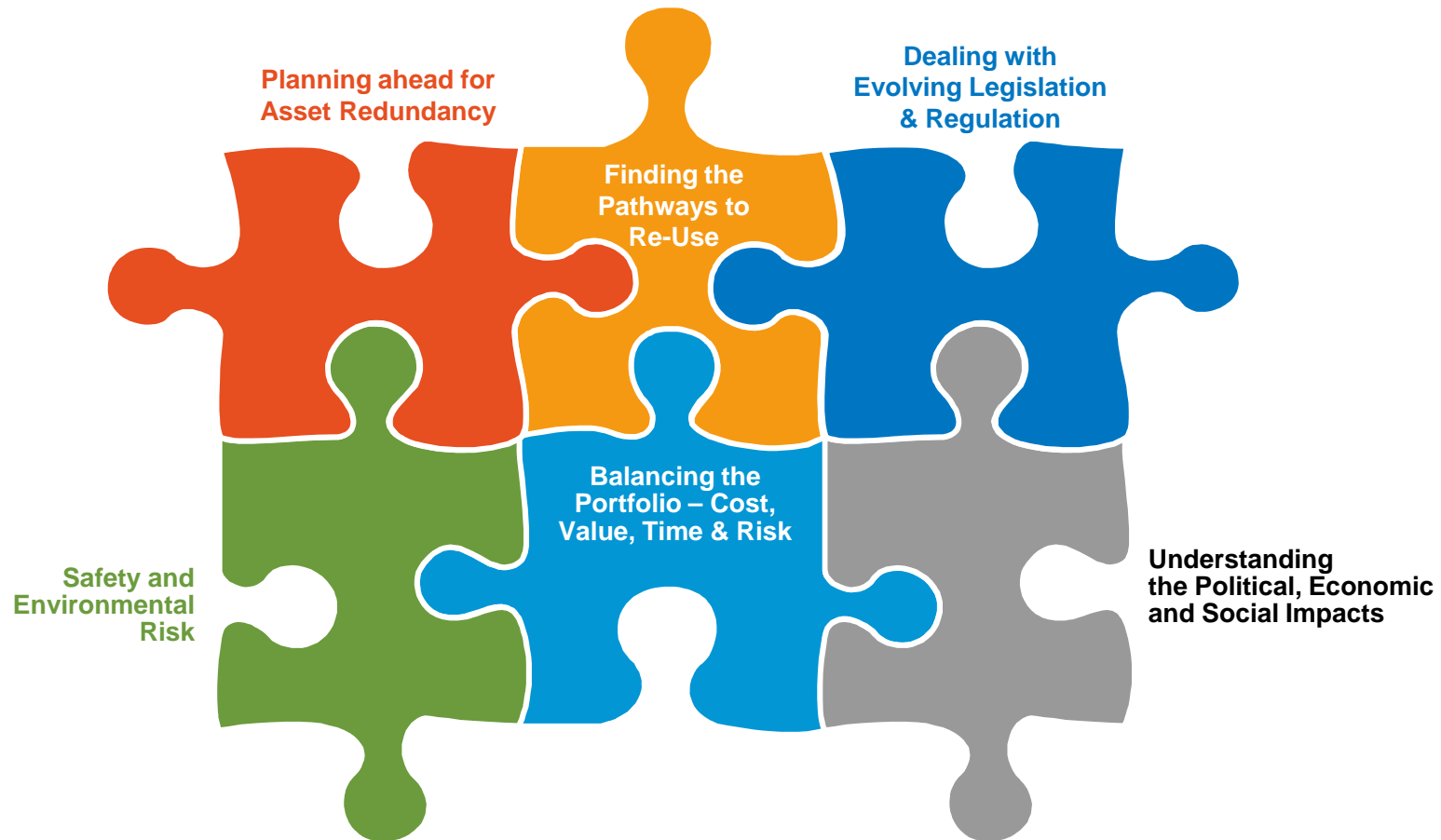
Market Overview

Manufacturing & Industrial: Redundant Assets

Sarah Whittington
Partner
ARCADIS EC Harris



Challenges in the Industry and Manufacturing Sector



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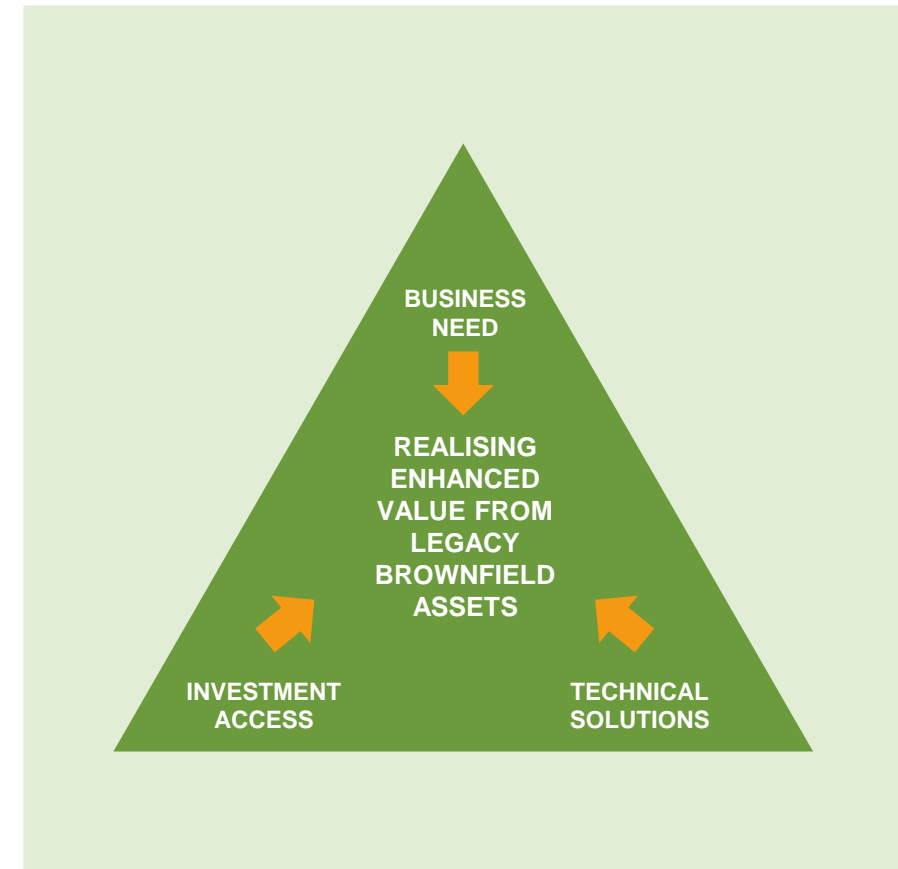


Challenges in the Industry and Manufacturing Sector

What We Find...

- Innovation
- Buy and Sell
- Safety first...but what is next?
- License to operate
- Legal and Financial
- Which Way Out?

And back to Innovation



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Generate Added Value

Using New Science and Technology

Katy Baker

Associate and Technical Director

ARCADIS EC Harris



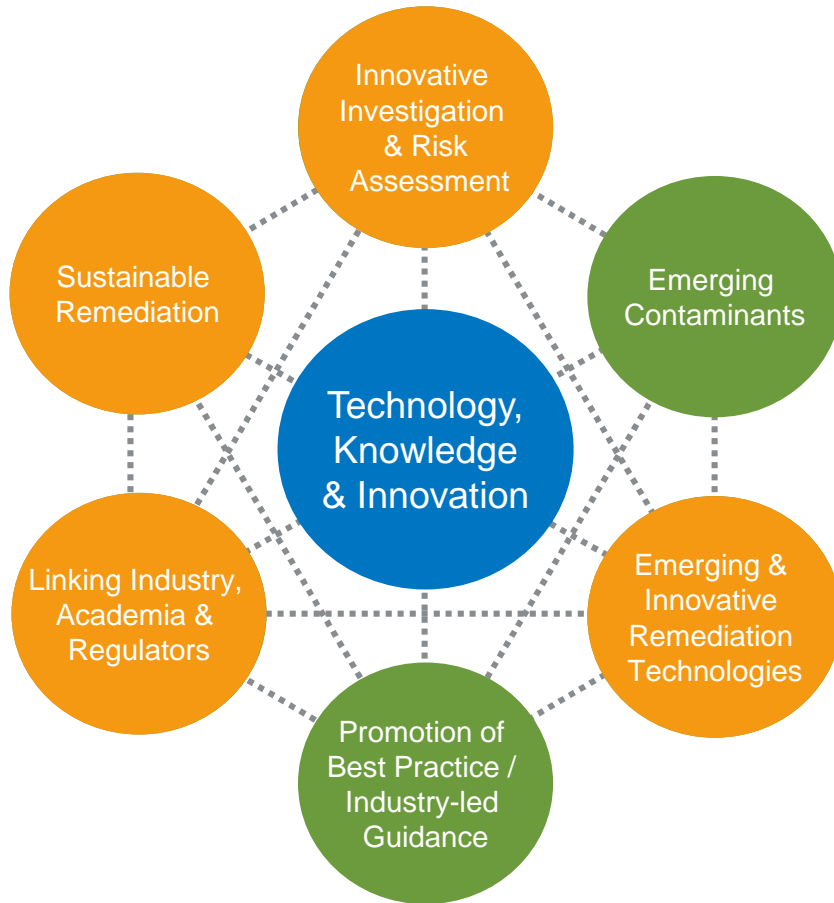
Connect.

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Grow.

Belong.

Technology, Global Knowledge & Innovation



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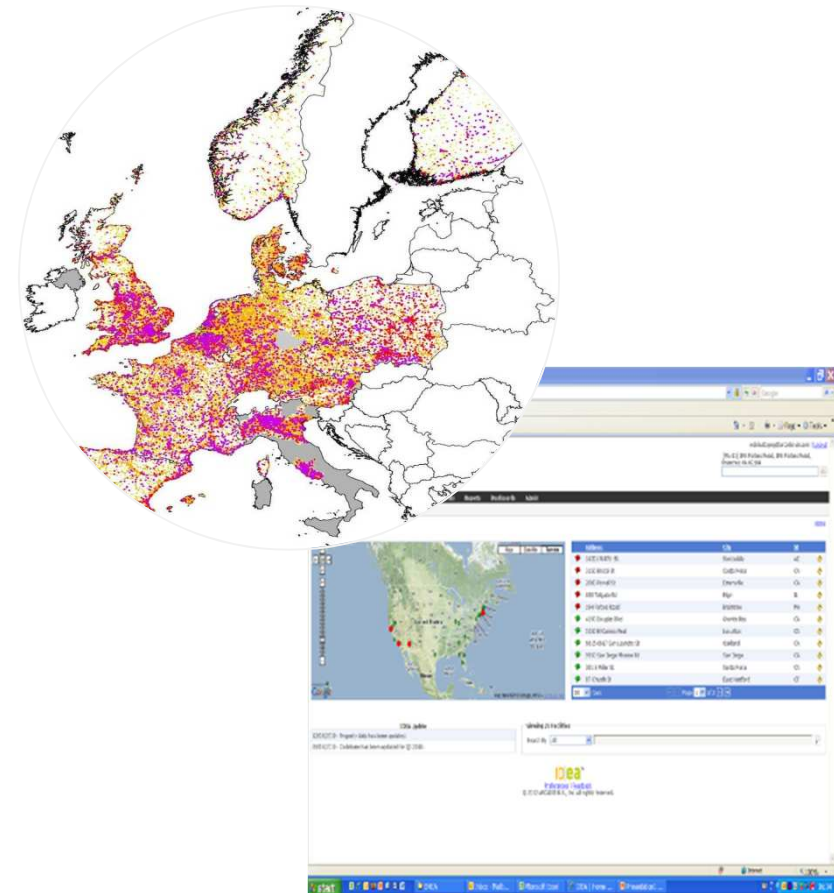
Compliance and Brand Protection



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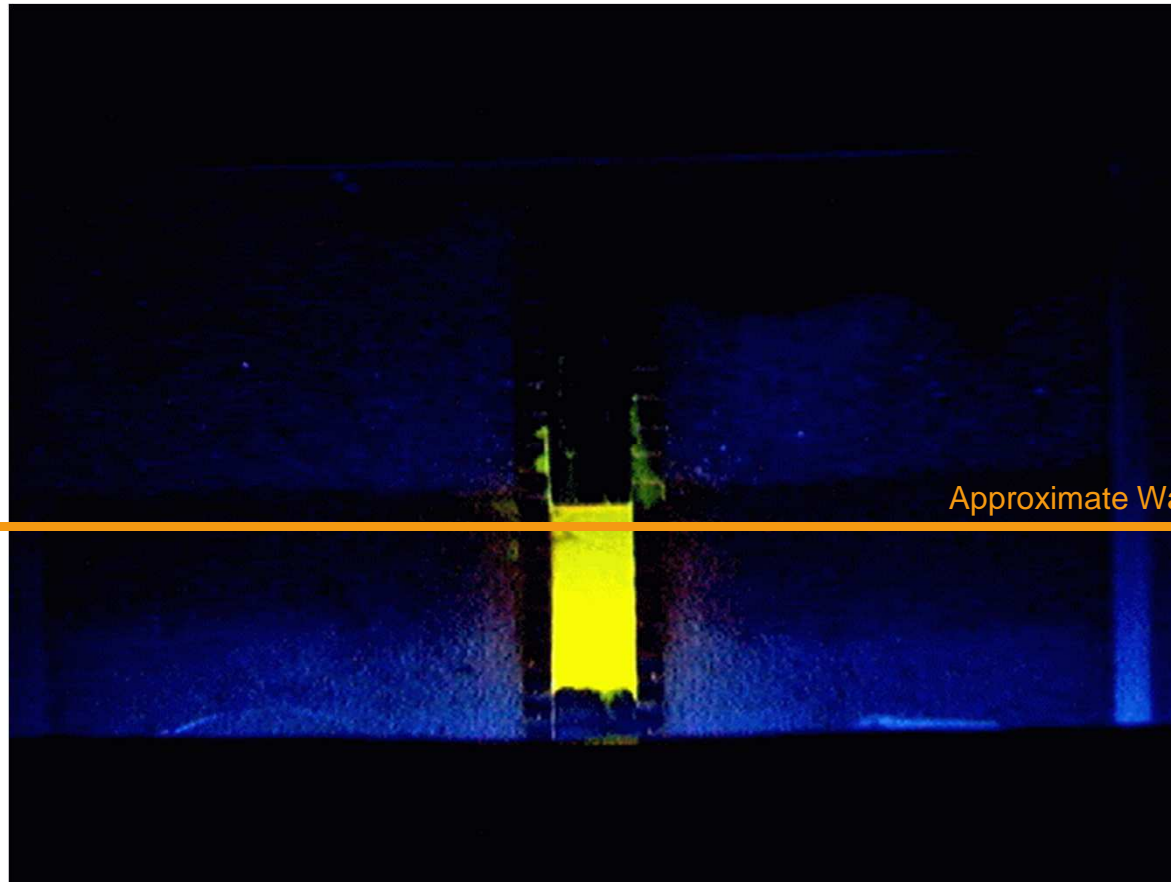
Timescales and Programme



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Innovation in Practice



Approximate Water Table

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Transforming Redundant Assets

The Role of Insurance

Stephen Sykes

Solicitor (non practising), Senior Manager

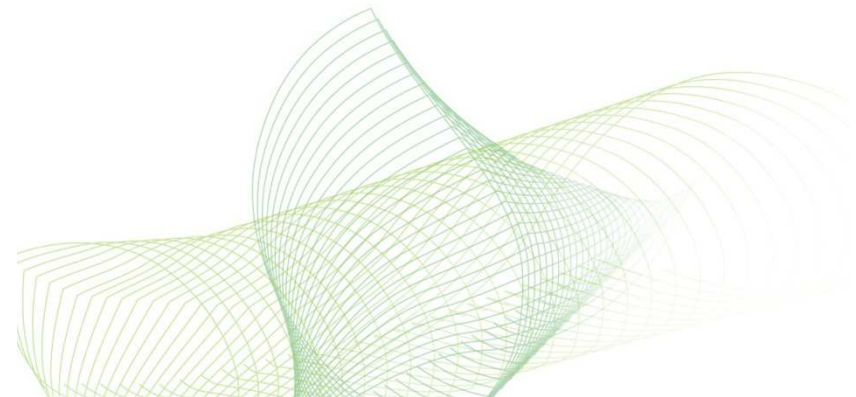
TES (UK Services) Limited



The Importance of a Robust Decision Making Process



- Do you keep environmental risk associated with redundant assets in-house, or not?
- Rigorous process required to make this decision – on-going review and reassessment



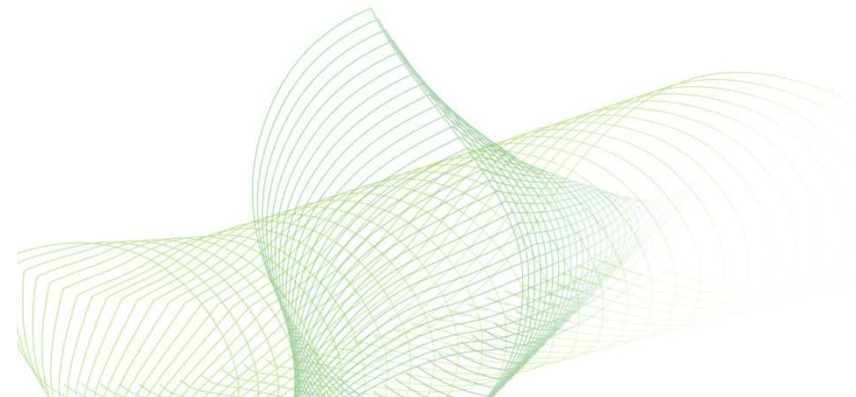
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Measuring Your Environmental Risk Exposure



- If you don't measure your environmental risk, you can't hope to manage it
- Monetise your environmental risk
- Understand your cost of capital
- Consider using insurance risk pricing methodology:
 - Magnitude of losses
 - Frequency of losses



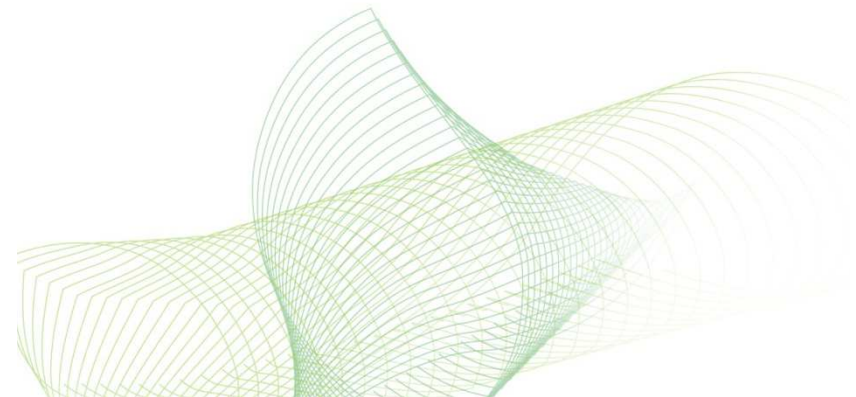
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Measuring Your Environmental Risk Exposure



- Monetise the gains which might be extracted from your portfolio of redundant assets if insurance is incepted
- Balance your risks, costs and gains and decide whether it is acceptable (and cost effective) to keep it in-house



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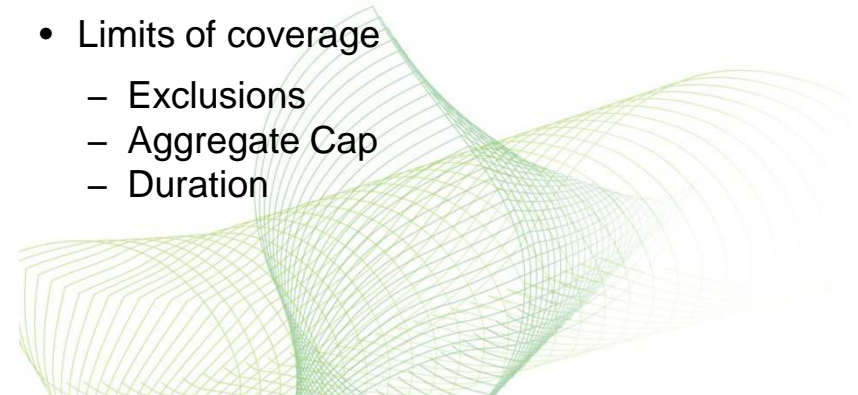


Risk Mitigation Option A:

Commercial / London Market Insurance Carriers



- History
 - Origins – 1970s
 - Cyclical nature
 - Current Carriers
- Types of coverage
 - PLL
 - Stop-Loss
 - Operational
 - Construction
- Limits of coverage
 - Exclusions
 - Aggregate Cap
 - Duration



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Risk Mitigation Option B:

Captive Insurance and Other Alternatives



- Captives
 - Increasingly used to write environmental insurance with supporting reinsurance
 - Used for cost cap insurance to control the cost of cleaning up large contaminated redundant sites
 - Potential for tax efficiencies
- Other deal specific alternatives
 - Mutualisation
 - Structured Finance
 - Pension style forward funding for end of life sites
 - Transfer structuring

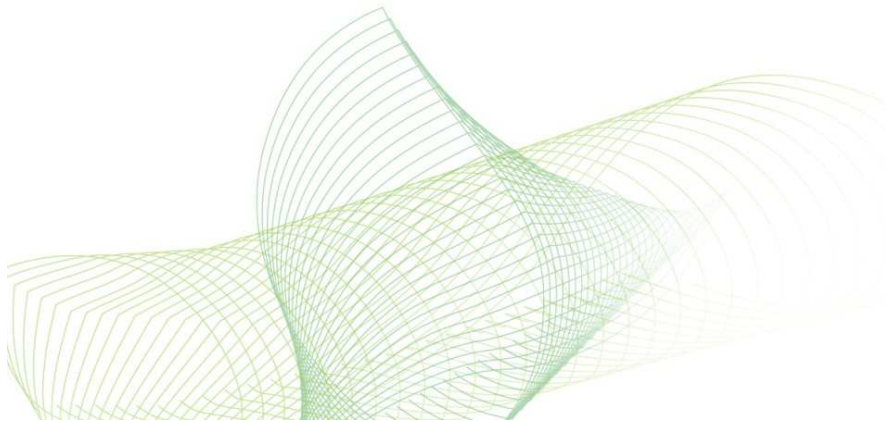
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Summary and Contacts

Summary

- Monetise – fully understand true costs of the risk
- Determine strategy
 - Retain risk in-house and not insured
 - Transfer to your (reinsured) captive
 - Transfer to a third party or insurer
- On-going review of Strategy



TES Contact

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<http://www.talismanenvironmental.com>

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Q&A

Panel Discussion

Panel Chair – Peter Holden, ARCADIS EC Harris

Panellists

Neil Hildreth, Johnson & Johnson

Richard Montgomery, Shell

Stephen Sykes, Talisman Environmental Services

Sarah Whittington, ARCADIS EC Harris

Katy Baker, ARCADIS EC Harris

