

Water Resilience Insurance

With the number of customers water utilities supply to, often exceeding tens of thousands, contamination losses can be devastating

Clean water supply is an essential part of our life, whether for households, businesses or critical facilities such as hospitals or schools. All water utilities, whether private or public, are legally required to deliver water of a quality that will be safe for human consumption. Whilst the industry has implemented a vast variety of quality management and quality assurance measurements, water utilities are exposed to the threat of contamination due to all kinds of pathogens and bacteria.

Contamination incidents happen very frequently and whilst fortunately most of them don't lead to bodily injury or death, water utilities end up having to issue boil notices, alert the public and take numerous measures to counter the problem. Losses arise from the mass distribution of bottled water, goodwill payments to households or businesses, extensive analysis, sampling and information costs. Given the number of customers every water utility supplies to - potentially hundreds of thousands - the losses can be devastating.

In addition to accidental incidents the threat of malicious water tampering prevails across all geographies. Past incidents have proved it is extremely difficult for water utilities to prevent an event occurring; however crisis management planning can help counter the problem should it unfold.

Exclusive, tailor made cover

Working closely with water utilities, Aon has developed the first tailor made comprehensive insurance product that addresses the above scenarios and the subsequent financial impact. It offers far broader coverage than off the shelf contamination insurance products.

Aon's Water Resilience Insurance offers clients exclusive additional triggers, ensuring the contamination response procedure can be activated as soon as a contamination is detected. The unique policy also covers third party loss of profit and extra expense, providing greater protection for water utilities' business clients.

Coverage

Designed specifically for water utilities, Aon's unique programme comprises three parts:

1. Accidental contamination
2. Malicious product tampering
3. Product extortion

Each covered event delivers the most appropriate triggers for water utilities.

1. Accidental contamination

Any accidental or unintentional contamination of water, which occurs during or as a result of its preparation, processing, storage or distribution, provided that one of the below triggers applies:

- Bodily injury within 365 days after contamination
- Boil notice
- Avoid consumption notice

2. Malicious product tampering

Any actual, alleged or threatened tamper. Malicious and wrongful alteration or contamination of water, or adverse publicity implying such, by anyone including an employee of the insured.

3. Product extortion

Any threat or connected series of threats to commit malicious tampering of water communicated to the insured, for the purpose of demanding ransom monies.

Coverage components

- Crisis consultant costs
- Pre-incident sampling
- Information costs
- Transportation and accommodation
- Employee overtime
- Install/remove UV-units
- Contractors costs
- Clean/repair locations
- Warning cards
- Sampling costs
- Alternative mass distribution
- Failure to restore supply payments
- Goodwill payments
- Customer loss of gross profits
- Customer extra expense
- Extortion costs

Capacity

- US\$30 million
- Excess capacity available

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