

Industrial accidents & Liability exposure with insurance solution

Occurrence of Industrial accidents are not new to us. In last 1 year, India has witness various accidents claiming several lives, property and environment damage. Some of the major incidents are listed below–

S. no.	Industrial unit name	Brief of accident
1.	L G Polymers, Visakhapatnam	<ul style="list-style-type: none"> ➤ Toxic Gas, i.e., Styrene Gas, leaked from the factory on 7th May, 2020. ➤ Killed 12 people & injured more than 1000 people.
2.	Yashashvi Rasayan, Dahej	<ul style="list-style-type: none"> ➤ Explosion on 3rd June, 2020 due to mixing of uncompatible hazardous chemicals in 2 tanks while unloading from tankers on 2nd June, 2020. ➤ Killed 10 plus people & injured more than 50 people.
3.	UPL Ltd, Jhagadia plant	<ul style="list-style-type: none"> ➤ Blast & fire at plant on 23rd Feb., 2021. ➤ Killed 2 plus people & injured more than 20 people.
4.	NLC India Ltd	<ul style="list-style-type: none"> ➤ Boiler explosion in one of the power unit. ➤ Injured more than 7 people.

Facts:

- Industrial accidents claimed over 6,300 lives between 2014 & 2017.
- According to IndustriAll, a global union of workers - there have been 30 industrial accidents in INDIA killing atleast 75 workers since May, 2020

National Green Tribunal has been very active in awarding compensation to affected parties in industrial accidents.

- In L G Polymers Styrene Gas leak, NGT has awarded interim compensation of INR 50 Cr.
- In Yashashvi Rasayan, NGT has awarded interim compensation of INR 25 Cr.

Kindly note, compensation in final award of NGT may be more than interim compensation.

In all these industrial accidents, Beacon team has identified following type of liability claims faced by Industrial unit & liability policies involved –

S.no.	Claims	Policies involved
1.	Property damage claims from various units operating in the vicinity of unit witnessed accident, if damage to their property or premises is caused in accident.	CGL Policy / PL Act Policy
2.	Property damage claims from villagers residing in the vicinity of unit witnessed accident, if damage to their property or premises is caused in accident.	CGL Policy / PL Act Policy
3.	Death & bodily injury claims for death or injury caused to employees of various units operating in the vicinity of unit witnessed accident.	CGL Policy / PL Act Policy
4.	Death & bodily injury claims for death or injury caused to villagers residing in the vicinity of unit witnessed accident.	CGL Policy / PL Act Policy
5.	Death & bodily injury claim from employees working at unit witnessed accident. (Kindly note, Employers Liability may be more than liability under Employee's Compensation Act.)	WC Policy (To cover liability under Employee's Compensation Act & under Common Law).
6.	Death & bodily injury claim from contractual employees working at unit witnessed accident.	WC Policy, if policy is extended to cover contractual employees.
7.	Compensation towards displacement of villagers to safe place after accident (For e.g. 4,000 villagers displaced after industrial accident & NGT awarded compensation of INR 25,000 per person i.e., INR 10 Cr total)	Can be explored & covered; Not Standard cover / Insurance
8.	Compensation for repair & restoration of environment. (Environment Impairment)	Pollution Legal Liability Insurance

Recommendation:

All industrial units must review and analyse adequacy of insurance coverage offered by your insurer & indemnity limit available in your liability policies.

- Whether policies cover displacement related compensation or not?
- Whether WC policy provides coverage under common law and medical expenses on actual basis?
- Whether Pollution Legal Liability Insurance is purchased by unit or not?

So, all liability policies need to be carefully analysed and re-structured to cater in the best interest of unit in event of industrial accidents.

Regards,

Beacon Insurance Brokers Pvt Ltd

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