



International Chamber of Commerce

The world business organization

Department of Policy and Business Practices

Commission on Financial Services and Insurance

Mandate of the Task Force on Long-tail Risks

Long-tail liability risks are risks characterized by a long period between that of exposure and the moment of manifestation of the damage caused by the exposure. They are often found in the areas of occupational diseases (employers' liability), gradual pollution (environmental liability), but also in product liability, medical liability, and directors & officers liability. Developments in legislation and jurisprudence, aimed at increased victim protection, have created new liability rules with retroactive effects. Developments in science and technology have created new – and sometimes not yet discovered – risks, which have potential effects on large numbers of people.

These developments, among others, have led to a situation where legislation is based on the assumption that insurance solutions are available to the industry, whereas insurers cannot properly calculate premiums nor assist their clients with adequate risk management. Victims' protection may become an illusion when there is no coverage available.

At the meeting of the ICC Commission on Financial Services and Insurance in Stockholm on 8 June 2006, it was decided to form an **ICC Task Force on Long-tail Risks**. The Task Force shall have the following mandate:

- to study and identify the insurability of long-tail risks;
- to raise awareness on the limits of liability law and liability insurance;
- to explore the role of governments in securing the protection of these risks;
- to analyze how cooperation among all parties concerned, from legislators to judges, clients, victims and insurers, could lead to a development of solutions to ensure business continuation and insurance cover; and
- to produce, if possible, an ICC view, on how legislators, the industry and the insurance providers can meet the challenges posed by long-tail liability risks.

In order to take into account the interests of all parties, the task force should be composed of insurers, insurance brokers, corporate risk managers, insurance lawyers and other experts in the field.

The Task Force will be chaired by Mr Lennart Edström, Vice-President, Group Insurance & Risk Management Support, Electrolux, Stockholm

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