Annex I

Lithuania

Improving financial security in the context of the Environmental Liability Directive
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# Table of Contents

TABLE OF CONTENTS .......................................................................................... 3

1. **Introduction** ................................................................................................. 5

2. **Environmental Insurance Market** ............................................................... 5
   2.1. Commercial insurers ................................................................................. 6
   2.2. Re/insurance pools ..................................................................................... 7
   2.3. Mutals .......................................................................................................... 7
   2.4. Other ........................................................................................................... 7

3. **Voluntary Insurance Policies for ELD and Other Environmental Liabilities** ... 7
   3.1. Environmental insurance policies ............................................................... 7
   3.2. Cover for ELD preventive costs ................................................................. 7
   3.3. Cover for ELD primary, complementary and compensatory costs .......... 7
   3.4. Cover for non-ELD liabilities .................................................................... 8
   3.5. Nature of policies (liability only or liability and on-site remediation) ...... 8
   3.6. Description of policies .............................................................................. 8
   3.7. Model terms and conditions ..................................................................... 9
   3.8. Date of general availability of environmental insurance policies ............ 9
   3.9. Environmental assessments and audits ....................................................... 9
   3.10. Average premium ...................................................................................... 10
   3.11. Average policy limit .................................................................................. 10
   3.12. Average deductible or self-insured retention .......................................... 10
   3.13. Average policy period .............................................................................. 10
   3.14. Sizes of typical insured businesses ........................................................... 10
   3.15. Industrial and commercial sectors that typically purchase policies ........ 10
   3.16. Industrial and commercial sectors with limited or no accessibility to policies 10
   3.17. Number and amount of claims ................................................................. 10
   3.18. Coverage litigation ................................................................................. 10
   3.19. Cover for ELD liabilities in general liability policies ................................ 10
   3.20. Cover for ELD liabilities in property policies .......................................... 11

4. **Other Voluntary Financial Security Instruments and Mechanisms** .............. 11
   4.1. Type(s) ....................................................................................................... 11
   4.2. Availability ................................................................................................. 11

5. **Mandatory Financial Security for ELD Liabilities (Article 14(1))** .................. 11
   5.1. Competent authority(ies) .......................................................................... 11
   5.2. Legislative provisions ............................................................................... 11
   5.3. Environmental licence conditions ............................................................ 11
   5.4. Date of introduction ................................................................................. 12
   5.5. Effective date ............................................................................................. 12
   5.6. Key reasons for introduction ..................................................................... 12
   5.7. Withdrawal of mandatory financial security ............................................. 12
   5.8. Guidance .................................................................................................. 12
   5.9. Operators subject to mandatory financial security ..................................... 12
   5.10. Amounts and limits of mandatory financial security .................................. 12
   5.11. Growth of mandatory financial security ................................................... 12

   6.1. Review of financial security instruments or mechanisms ......................... 12
   6.2. Financial security instruments and mechanisms accepted ....................... 12
   6.3. Financial security instruments and mechanisms not acceptable ............... 12
   6.4. Time of review .......................................................................................... 13
Improving financial security in the context of the Environmental Liability Directive

6.5. Regulatory costs of review ........................................................................................................ 13
6.6. Requirements for operator to review ......................................................................................... 13

7. ENFORCEMENT OF FINANCIAL SECURITY REQUIREMENTS .......................................... 13

8. EX POST ENVIRONMENTAL DAMAGE MANDATORY FINANCIAL SECURITY (ARTICLE 8(2)) ................................................................. 13

8.1. Date legislation or policy for mandatory financial security introduced .................................. 13
8.2. Effective date for ex post mandatory financial security ......................................................... 13
8.3. Financial security instruments and mechanisms accepted .................................................... 13
8.4. Financial security instruments and mechanisms not acceptable .......................................... 13

9. PROVIDERS OF MANDATORY FINANCIAL SECURITY INSTRUMENTS ................................. 13

9.1. Insurers .................................................................................................................................. 13
9.2. Banks and other financial institutions .................................................................................... 13
9.3. Sureties .................................................................................................................................. 13
9.4. Providers outside Member State ............................................................................................. 13

10. MEASURES TAKEN BY MEMBER STATE TO DEVELOP FINANCIAL SECURITY MARKETS .................................................................................. 13

11. EU ENVIRONMENTAL LEGISLATION WITH MANDATORY FINANCIAL SECURITY PROVISIONS ................................................................. 14

11.1. Landfill Directive ................................................................................................................... 14
11.2. Extractive Waste Directive .................................................................................................. 15
11.3. Carbon Capture and Storage Directive ................................................................................ 15

12. EU RECOMMENDATION ON HYDRAULIC FRACTURING ................................................... 16

12.1. Status .................................................................................................................................... 16
12.2. Competent authority(ies) ...................................................................................................... 17
12.3. Financial security provisions ................................................................................................. 17
12.4. Financial security instruments and mechanisms accepted ................................................ 17
12.5. Templates ............................................................................................................................. 17
12.6. Financial security instruments and mechanisms not acceptable ........................................ 17

13. EU ENVIRONMENTAL LEGISLATION WITH NO MANDATORY FINANCIAL SECURITY PROVISIONS ............................................................ 17

13.1. Industrial Emissions Directive .............................................................................................. 17
13.2. Seveso III Directive ............................................................................................................. 18
13.3. Other legislation .................................................................................................................. 19

14. MANDATORY FINANCIAL SECURITY FOR OFFSHORE OIL AND GAS OPERATIONS .................................................................................. 19

14.1. Competent authority(ies) ...................................................................................................... 19
14.2. Status of offshore oil and gas operations ................................................................................ 19
14.3. Requirements for financial security ...................................................................................... 20
14.4. Requirement for financial security for ELD liabilities .......................................................... 20

15. FAILURE OF FINANCIAL SECURITY .................................................................................. 20

15.1. Inadequate level of financial security instrument or mechanism to pay claims .................. 20
15.2. Insolvency of operator leading to failure of financial security instrument or mechanism .... 20
15.3. Other .................................................................................................................................... 20

16. FUNDS ..................................................................................................................................... 20

16.1. Name(s) ............................................................................................................................... 20
16.2. Extension of existing fund to cover remedial costs under the ELD ..................................... 21
16.3. Purpose ............................................................................................................................... 21
16.4. Type .................................................................................................................................... 21
16.5. Source(s) of funding ............................................................................................................. 21
16.6. Number and amount of claims ............................................................................................. 21

BIBLIOGRAPHY .......................................................................................................................... 22
1. **INTRODUCTION**

Financial security for ELD liabilities in the form of environmental insurance that provides cover for sites and/or operations in Lithuania is not generally available due to the lack of availability of stand-alone environmental insurance policies.

Environmental extensions to general liability policies are available but cover under these is limited.

Environmental extensions to property policies are not available.

Stand-alone environmental insurance policies that provide more extensive cover for liabilities under the ELD and other environmental legislation by multinational insurers to companies with sites and/or operations in Lithuania and other States are available by passporting. Some of these policies have been adapted for the Lithuanian legal and licensing systems; others have not.

Lithuania transposed the ELD by amendments to the Law on Environmental Protection (*Lietuvos Respublikos aplinkos apsaugos įstatymas*),\(^1\) which is the framework environmental legislation for Lithuania, and the Law on State Monitoring of Environmental Protection (*Lietuvos Respublikos aplinkos monitoringo įstatymas*).\(^2\)

Both laws have been amended but not in respect of financial security provisions. Law X-147,\(^3\) which contained the first amendments to the Law on Environmental Protection, entered into force on 12 April 2005. Law IX-648, which contained the first amendments to, and added an annex to, the Law on State Monitoring of Environmental Protection,\(^4\) entered into force on 26 May 2006.

Lithuania has introduced mandatory financial security for ELD liabilities.

Lithuania has introduced mandatory financial security for persons that have a permit to recover or dispose of waste. Most of the demand for environmental insurance (and to a lesser extent bank guarantees) in Lithuania is from operators that are subject to these requirements.

2. **ENVIRONMENTAL INSURANCE MARKET**

The 2017 Environmental Implementation Review for Lithuania stated that ‘it is not evident that insurance [for ELD liabilities] is either sufficiently available or taken out’.\(^5\) The 2019

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\(^3\) Law No. IX-147, 24.03.05, Official Gazette, 2005, No. 47-1558 (12.04.05), Law amending and supplementing Articles 1, 2, 6, 7, 8, 14, 19, 26, 31, 32, 33 and 34 of and the Annex to and repealing Article 24 of the Environmental Protection Law and supplementing the law with articles 32(1) and 32(2); [https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.253489](https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.253489) (in Lithuanian)

\(^4\) Law No. IX-648, 08.06.06, Official Gazette, 2006, No. 72-2667 (28.06.06), Law amending Articles 1, 2, 3, 12, 18, 20 and 24 of and incorporating an Annex into the Law on State Monitoring of Environmental Protection; [https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.278812](https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.278812) (in Lithuanian)

Environmental Implementation Review for Lithuania includes as a priority item ‘Improve financial security for liabilities’ under the ELD.⁶

This situation had not changed when this report was published. The environmental insurance market in Lithuania is in an early stage of development except for insurance that provides cover for businesses involved in the recovery or disposal of waste operations that are subject to mandatory financial security requirements (see section 13.3 below).

Stand-alone environmental insurance policies are not generally available. Multinational insurers do not offer these policies to businesses with site and/or operations only in Lithuania.

The following two types of cover provided by environmental extensions to general liability policies may be agreed with an insurer.

First, cover may be provided for remediating off-site pollution caused by a sudden and accidental incident on an insured’s site. This extension does not include cover for (1) remediating environmental damage other than pollution, (2) any ELD liabilities except for primary remediation when such remediation overlaps with liability for remediating pollution under other environmental legislation, or (3) complementary or compensatory remediation. Cover is generally subject to a sub-limit.

Second, cover may be provided for compensation for environmental damage. The amount of the compensation is calculated by applying the Methodology for calculating environmental damage (Aplinkai padarytos žalos atlyginimo dydžių apskaičiavimo metodika).⁷ The purpose of the methodology is to assess damage to the environment that may occur in the future. The methodology applies to all legal and natural persons who have caused environmental damage in the territory of Lithuania, its territorial waters and its exclusive economic zone. The methodology does not include third-party claims for bodily injury or property damage. Accordingly, whereas the environmental extensions to general liability policies provide cover for compensation calculated by the methodology, they do not provide cover for third-party claims unless otherwise provided by an extension.

Demand for environmental extensions to general liability policies is increasing from low to moderate.

2.1. Commercial insurers

2.1.1. Number of insurers

No insurers offer stand-alone environmental insurance policies for businesses with sites and/or operations only in Lithuania. A few insurers offer environmental extensions to general liability policies.

The low numbers of insurers that offer environmental extensions to general liability policies – and the absence of insurers that offer stand-alone environmental insurance policies – is partially explained by there being only nine non-life insurers registered in Lithuania.⁸

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⁷ Aplinkai padarytos žalos atlyginimo dydžių apskaičiavimo metodika; https://e-seimas.lt/portal/legalAct/Lt/TAD/TAIS.186995/asr (in Lithuanian)

2.1.2. **New insurers entering the market since 2009**
No new insurers have entered the environmental insurance market in Lithuania since 2009.

2.1.3. **Existing insurers that introduced environmental insurance policies since 2009**
No insurers that existed in Lithuania before 2009 have introduced stand-alone environmental insurance policies either before or after that time.

2.2. **Re/insurance pools**
There is no re/insurance pool in Lithuania.

2.2.1. **Date of establishment**
Not applicable

2.2.2. **Descriptions of policies issued**
Not applicable

2.3. **Mutuals**
No mutual in Lithuania issues environmental insurance policies.

2.3.1. **Date of establishment**
Not applicable

2.3.2. **Descriptions of policies issued**
Not applicable

2.4. **Other**
There are no captives or other types of providers of environmental insurance policies in Lithuania.

3. **VOLUNTARY INSURANCE POLICIES FOR ELD AND OTHER ENVIRONMENTAL LIABILITIES**

3.1. **Environmental insurance policies**
As indicated above stand-alone environmental insurance policies that provide cover for ELD and other environmental liabilities are not available in Lithuania even from multinational insurers.

Environmental insurance policies provided by multinational insurers to operators with sites in Lithuania and other States by passporting are available. Some of these policies provide meaningful cover for legal and licensing requirements under Lithuanian law; others provide limited cover due to the lack of adaptation to Lithuanian legal and licensing requirements.

3.2. **Cover for ELD preventive costs**
Environmental extensions to general liability policies do not provide cover for the costs of preventive measures under the ELD.

3.3. **Cover for ELD primary, complementary and compensatory costs**
Environmental extensions to general liability policies do not provide cover for primary remediation except perhaps if it overlaps with cover for remediation under other
environmental legislation. They do not provide cover for complementary and compensation costs under the ELD.

3.4. **Cover for non-ELD liabilities**

Environmental extensions to general liability policies may provide cover for non-ELD liabilities such as the remediation of sudden and accidental pollution under other environmental legislation. In addition, cover for third-party claims for bodily injury and property damage from sudden and accidental pollution incidents is standard in such extensions.

3.5. **Nature of policies (liability only or liability and on-site remediation)**

As indicated above, stand-alone environmental insurance policies are not available to businesses with sites and/or operations only in Lithuania.

3.6. **Description of policies**

3.6.1. **Format**

Stand-alone environmental insurance policies offered by multinational insurers to large enterprises with sites and/or operations only in Lithuania as well as large operators with sites and/or operations in other States as well as Lithuania generally have a menu format so that an insured may select the insuring agreement(s) it requires. There is a wide range of such policies (see section 3.6.3 below).

As indicated in section 2 above, multinational insurers do not offer stand-alone environmental insurance policies to businesses with sites and/or operations only in Lithuania.

3.6.2. **Claims made or occurrence based**

Extensions to general liability policies that provide cover for ELD and other environmental liabilities are underwritten on an occurrence basis. That is, a claim must be made against the insured and reported to insurers during the policy period provided that the environmental damage occurred during the policy period.

Stand-alone environmental insurance policies are underwritten on a claims made basis. That is, a claim must be made against the insured during the policy period and reported to insurers during the policy period or, if available, the extended reporting period.

3.6.3. **Policies for operators**

As indicated above, stand-alone environmental insurance policies are not generally available to businesses that have sites and/or operations only in Lithuania.

Environmental extensions to general liability insurance policies are generally available to businesses with sites and/or operations in Lithuania subject to their activities and agreement with insurers.

Policies provided by multinational insurers to businesses with sites and/or operations in Lithuania and other States tend to offer the following in a menu format:

- costs of preventive and remediation measures under the ELD (including primary, complementary and compensation remediation) for environmental damage at an insured’s site and emanating from it;
- costs of preventive and remediation measures, including emergency measures, under other environmental legislation for pollution at an insured’s site and emanating from it;
• environmental damage caused by the insured’s operations, including transportation (including marine transportation), outside the insured’s site;
• claims for bodily injury and property damage;
• third-party business interruption from environmental damage;
• first-party business interruption from environmental damage;
• crisis/disaster management costs (to protect an insured’s reputation in the event of environmental damage);
• costs of remediating historic contamination at an insured’s site; and
• legal expense.

Only the first and, in some cases the third, items above are ELD liabilities. The policies are thus designed to include, not only protection under the ELD but also protection under other public law as well as civil law and non-liability requirements.

3.6.4. Policies for contractors and others

As indicated above, stand-alone environmental insurance policies are not generally available to any businesses in Lithuania including contractors.

Environmental extensions to general liability insurance policies are generally available to contractors subject to the activities of an individual contractor and agreement with individual insurers.

3.7. Model terms and conditions

There are no model terms and conditions for environmental insurance policies, endorsements to other policies, or any other financial security instruments for ELD or other environmental liabilities in Lithuania.

3.7.1. Organisation issuing model terms and conditions

Not applicable

3.7.2. Description of model terms and conditions

Not applicable

3.7.3. Relationship between policies with model terms and conditions and environmental insurance policies

Not applicable

3.8. Date of general availability of environmental insurance policies

As indicated in section 2 above, stand-alone environmental insurance policies are not available in Lithuania to businesses with sites and/or operations only in Lithuania.

3.9. Environmental assessments and audits

Insurers that offer environmental extensions to general liability policies do not require the insured to carry out an environmental assessment or audit.

Insurers that offer stand-alone environmental insurance policies to large industrial and commercial operators for their insurance programmes for sites in and outside the EU, with cover for facilities in Lithuania, tend not to require prospective insureds to carry out environmental assessments and audits for their operations. If the operators have already
carried out such assessments and audits, they provide them to insurers as part of the underwriting due diligence process.

3.10. Average premium
There is no average premium because stand-alone environmental insurance policies are not available to businesses with sites and/or operations only in Lithuania. The average premium for an environmental extension to a general liability policy is not known because the premium for this section is part of the premium for the entire policy.

3.11. Average policy limit
The sub-limit for an environmental extension to a general liability policy is generally 50% or more of the limit of liability for the policy. Some policies do not have a sub-limit for the environmental extension. When there is a sub-limit, it tends to vary between EUR 50,000 and EUR 3,000,000.

3.12. Average deductible or self-insured retention
The average deductible or self-insured retention for an environmental extension to a general liability policy is EUR 500 to EUR 2,000.

3.13. Average policy period
The average policy period for a general liability policy – which necessarily includes any extensions to it – is one year.

3.14. Sizes of typical insured businesses
Businesses that purchase environmental extensions to general liability policies include small to medium-sized businesses as well as large businesses.

3.15. Industrial and commercial sectors that typically purchase policies
Except for businesses that have a permit to recover or dispose of waste, there is no industrial or commercial sector that typically purchases environmental extensions to general liability policies.

3.16. Industrial and commercial sectors with limited or no accessibility to policies
There are no industrial or commercial sectors that have limited or no accessibility to environmental extensions to general liability policies.

3.17. Number and amount of claims
There are no public reports on the number or amount of any claims against environmental extensions to general liability policies.

3.18. Coverage litigation
There is no reported coverage litigation concerning environmental extensions to general liability policies.

3.19. Cover for ELD liabilities in general liability policies
Cover for ELD and other environmental liabilities by an extension to a general liability policy is available. It is the only generally available form of such insurance for businesses that have sites and/or operations only in Lithuania.
3.20. **Cover for ELD liabilities in property policies**

Cover for ELD and other environmental liabilities by an extension to a property policy is not generally available.

4. **OTHER VOLUNTARY FINANCIAL SECURITY INSTRUMENTS AND MECHANISMS**

4.1. **Type(s)**

Voluntary financial security instruments such as bank guarantees, bonds, etc. are not generally available for liabilities under the ELD or other environmental legislation. There is no demand for them because they are geared towards mandatory financial security requirements for known responsibilities such as closure and post-closure (aftercare) of a landfill, not voluntary financial security for accidental environmental damage under the ELD.

Note, however, that bank guarantees are specifically identified as acceptable financial security for landfills and other specified operations (see sections 11 and 13 below).

4.2. **Availability**

Not applicable

5. **Mandatory financial security for ELD liabilities (Article 14(1))**

Lithuania has not imposed mandatory financial security for ELD liabilities.

5.1. **Competent authority(ies)**

Not applicable

5.2. **Legislative provisions**

Not applicable

5.2.1. **Name(s) of legislation**

5.2.2. **Stand-alone requirement or hybrid**

5.2.3. **Consideration of mandatory financial security legislation (if not enacted)**

5.2.4. **Reasons for decision not to enact mandatory financial security legislation**

5.2.5. **Revisions to legislation**

5.2.6. **ELD liabilities covered by mandatory financial security**

5.2.7. **Description of mandatory financial security provisions**

5.2.8. **Exception for low risk sites**

5.2.9. **Exception for ISO 14001 certification or EMAS registration**

5.2.10. **Other exceptions**

5.3. **Environmental licence conditions**

Not applicable
Improving financial security in the context of the Environment Liability Directive

5.3.1. Stand-alone requirement or hybrid

5.3.2. Revisions to licensing requirements

5.3.3. ELD liabilities covered by mandatory financial security

5.3.4. Description of mandatory financial security conditions

5.4. Date of introduction
Not applicable

5.5. Effective date
Not applicable

5.6. Key reasons for introduction
Not applicable

5.7. Withdrawal of mandatory financial security
Not applicable

5.8. Guidance
Not applicable

5.9. Operators subject to mandatory financial security
Not applicable

5.10. Amounts and limits of mandatory financial security
Not applicable

5.11. Growth of mandatory financial security
Not applicable

6. REGULATORY OVERSIGHT OF FINANCIAL SECURITY INSTRUMENTS AND MECHANISMS

6.1. Review of financial security instruments or mechanisms
Not applicable

6.2. Financial security instruments and mechanisms accepted
Not applicable

6.2.1. Templates

6.2.2. Requirements for environmental insurance policies

6.2.3. Form of mandatory environmental insurance policy

6.3. Financial security instruments and mechanisms not acceptable
Not applicable
6.4. Time of review
Not applicable

6.5. Regulatory costs of review
Not applicable

6.6. Requirements for operator to review
Not applicable

7. Enforcement of financial security requirements
Not applicable

8. Ex post environmental damage mandatory financial security (Article 8(2))
The legislation that implements the ELD in Lithuania does not include any charges on land or other types of financial security for environmental damage.

8.1. Date legislation or policy for mandatory financial security introduced
Not applicable

8.2. Effective date for ex post mandatory financial security
Not applicable

8.3. Financial security instruments and mechanisms accepted
Not applicable

8.4. Financial security instruments and mechanisms not acceptable
Not applicable

9. Providers of mandatory financial security instruments
Not applicable

9.1. Insurers

9.2. Banks and other financial institutions

9.3. Sureties

9.4. Providers outside Member State

10. Measures taken by Member State to develop financial security markets
No information was provided to indicate that the Lithuanian Government had taken any measures to develop an environmental insurance market.
11. EU ENVIRONMENTAL LEGISLATION WITH MANDATORY FINANCIAL SECURITY PROVISIONS

11.1. Landfill Directive

11.1.1. Competent authority(ies)

The competent authority for the Landfill Directive (1999/31/EC), which was transposed into Lithuanian law by Republic of Lithuania Law on Waste Management (Lietuvos Respublikos Atlieky Tvkrymo Įstatymas; Law on Waste Management), is the Ministry of Environment of the Republic of Lithuania (Lietuvos Respublikos Aplinkos Ministerija).

11.1.2. Financial security provisions

Article 11 of the Law on Waste Management requires the operator of a landfill for non-hazardous or hazardous waste to have an insurance policy or bank guarantee (Laidavimo draudimo sutarties ar banko garantijos) that provides funding for measures set out in the plans for closure of the landfill and aftercare including monitoring costs. Article 11 also provides that the Government or a body authorised by it may establish procedures for calculating the amount of the insurance policy or bank guarantee, taking into account the above costs. The purpose of the financial security is to provide cover if the operator becomes bankrupt or is required to cease operating the landfill and does not have the necessary funds for the above costs.

Section 35 of Order of the Minister of Environment of the Republic of Lithuania on the Rules for the installation, operation, closure and post closure of landfills, 18 October 2000, No 444 (Lietuvos Respublikos Aplinkos Ministras Įsakymas dėl Atliekų Sąvartynų Įrengimo, Ekploatavimo, Uždarymo ir Priežiūros po Uždarymo Taisyklių Patvirtinimo, 2000 m. spalio 18 d. Nr. 444, Žin. 2000, Nr. 96-3051, Vilnius, Suvestinė redakcija nuo 2018-07-01), requires the operator of a landfill to include measures for its closure and aftercare in the design and construction of the landfill and to assess the total amount of waste to be deposited in it, the costs of closure and aftercare, and the use of the site after closure.

Section 36 requires the operator to consider the relative costs of the disposal per tonne of waste per capita, taking into account the required investment, the costs of operation, closure and maintenance for at least 30 years after closure.

Section 71 provides that the operator is responsible for the maintenance, monitoring and control of the landfill after its closure, and that the Department of Environmental Protection shall assess the period during which the landfill may pose a risk to human health and the environment based on the results of monitoring.

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11.1.3. Financial security instruments and mechanisms accepted

The two acceptable financial security instruments are an insurance bond (surety bond) and a bank guarantee.

11.1.4. Templates

There are no applicable templates.

11.1.5. Financial security instruments and mechanisms not acceptable

There is no list of financial security instruments or mechanisms that are not acceptable.

11.2. Extractive Waste Directive

11.2.1. Competent authority(ies)

The competent authority for the Law on Waste Management is the Ministry of Environment. Lithuania did not have any Category A facilities for extractive waste when this report was published.\(^\text{11}\)

11.2.2. Financial security provisions

Not applicable

11.2.3. Financial security instruments and mechanisms accepted

Not applicable

11.2.4. Templates

Not applicable

11.2.5. Financial security instruments not acceptable

Not applicable

11.3. Carbon Capture and Storage Directive

11.3.1. Status of implementation

Lithuania does not have any storage facilities for carbon dioxide.

Paragraph 89 of the Resolution approving the national strategy for climate change management policy, issued on 6 November 2012, stated that ‘Practical application of CCS technologies in Lithuania in the near future is quite unlikely due to high cost of technology and absence of storage sites on the territory of the country.’\(^\text{12}\)


\(^{12}\) Seimas of the Republic of Lithuania, Resolution approving the national strategy for climate change management policy (6 November 2012, No XI-2375); https://e-seimas.lrs.lt/portal/legalActPrint/lt?fwid=9dzqntxfd&documentId=6e2e90f043b311e4ba35bf67d0e3215e&category=TAD
11.3.2. Competent authority(ies)


11.3.3. Financial security provisions

Article 6 of the Law on geological storage of carbon dioxide requires the operator of a permit for the storage of carbon dioxide to have financial security before the injection of carbon dioxide begins. The operator must maintain the financial security during the entire duration of operations.

Article 14(1) states that the purpose of the ‘financial guarantee’ is to ensure that the operator complies with the conditions of the storage permit including closure of the storage site, post-closure requirements, and greenhouse gas emissions permit surrender obligations in the event of leakage of carbon dioxide.

Article 14(3) requires the financial guarantee to be maintained throughout the entire operation of the storage site until its closure or transfer to the Geological Survey of Lithuania.

Article 14(4) provides for the periodic review and revision of the financial guarantee.

Article 14(5) states that the Government or its delegated authority shall establish procedures for determining and revising the amount of the financial guarantee.

11.3.4. Financial security instruments and mechanisms accepted

Financial security instruments and mechanisms that are acceptable are not specified.

11.3.5. Templates

There are no templates for financial security instruments.

11.3.6. Financial security instruments and mechanisms not acceptable

There is no list of financial security instruments or mechanisms that are not acceptable.

12. EU Recommendation on Hydraulic Fracturing

12.1. Status

Pilot prospecting projects for unconventional oil began in western Lithuania in 2011. By 2016, licences had been granted to six companies for conventional and unconventional oil and gas but none solely for unconventional oil and gas.14


A public tender on the use of hydrocarbon resources in the Šilutės-Tauragės area was planned by the Geological Survey but was abandoned due to a lack of interest from operators.\(^\text{15}\)

12.2. **Competent authority(ies)**

The Ministry of Energy of the Republic of Lithuania (*Lietuvos Respublikos energetikos ministerija*) is the competent authority for oil and gas operations.

12.3. **Financial security provisions**

A person or a joint venture must provide a bank guarantee if it succeeds in a tender to carry out oil and gas operations. The amount of the bank guarantee must be sufficient to ensure that activities specified in the tender are carried out appropriately.\(^\text{16}\)

12.4. **Financial security instruments and mechanisms accepted**

The acceptable financial security instrument is a bank guarantee.

12.5. **Templates**

Not applicable

12.6. **Financial security instruments and mechanisms not acceptable**

Not applicable

13. **EU ENVIRONMENTAL LEGISLATION WITH NO MANDATORY FINANCIAL SECURITY PROVISIONS**

13.1. **Industrial Emissions Directive**

13.1.1. **Competent authority(ies)**

The competent authorities for the Industrial Emissions Directive 2010/75/EU, which is implemented in Lithuania by Rules for issuing, amending and withdrawing permits for integrated pollution prevention and control (*Taršos integruotos prevencijos ir kontrolės leidimų išdavimo, pakeitimo ir galiøjimo panaikinimo taisyklės*),\(^\text{17}\) are the Department of Environmental Protection of the Ministry of Environment (which supervises compliance with conditions of IPPC permits) and the Environmental Protection Agency (*Aplinkos apsaugos agentūra*) (which issues, reviews, modifies and revokes IPPC permits).

13.1.2. **Financial security provisions**

Article 11(2) of the Rules for issuing, amending and withdrawing permits for integrated pollution prevention and control require a person who must obtain a permit for integrated

\(^{15}\) Milieu, ‘Study on the application in relevant member states of the Commission recommendation on minimum principles for the exploration and production of hydrocarbons (such as shale gas) using high-volume hydraulic fracturing; National Report: Lithuania’ (December 2015), 6; https://www.fracrisk.eu/sites/default/files/Lithuania-2016-Milieu%26Ricardo.pdf

\(^{16}\) See ibid s 3.1.3, 10

\(^{17}\) Lietuvos Respublikos Aplinkos Ministro įsakymas dėl Taršos integruotos prevencijos ir kontrolės leidimų išdavimo, pakeitimo ir galiøjimo panaikinimo taisyklės patvirtinimo, 2013 m. liepos 15 d. Nr. D1-528, Žin. 2013, Nr. 77-3901, Vilnius, Suvestinė redakcija nuo 2018-07-01; https://www.etar.lt/portal/lt/legalAct/TAR.8F44C64C509B/asr (in Lithuanian)
Improving financial security in the context of the Environmental Liability Directive

pollution prevention and control for waste recovery or disposal operations to have an insurance policy or a bank guarantee.

Article 11(5) states that the amount of the insurance policy or bank guarantee must be sufficient to cover the costs of the operator discontinuing the waste recovery or disposal activities, closure of the activities and implementation of post-closure monitoring in the event of the bankruptcy or if the operator is to pay the costs.

13.1.3. Financial security instruments and mechanisms accepted

The acceptable financial security instruments are an insurance policy and a bank guarantee.

13.1.4. Templates

There are no templates for acceptable financial security instruments.

13.1.5. Financial security instruments and mechanisms not acceptable

There is no list of financial security instruments that are not acceptable.

13.2. Seveso III Directive

13.2.1. Competent authority(ies)

The competent authority for the Seveso III Directive (2012/18/EU), which was transposed in Lithuanian law by Regulations for the Prevention, Elimination and Investigation of Industrial Accidents (Pramoninių Avarijų Prevencijos, Likvidavimo ir Tyrimo Nuostatai)\textsuperscript{18} is the Fire and Rescue Department of the Ministry of Interior (Priešgaisrinės Apsaugos ir Gelbėjimo Departamentas prie Vidaus Reikalų Ministerijos).

The Regulations are supplemented by Recommendations for Preparing a Dangerous Object Accident Prevention Plan and Forming a Dangerous Object Security Management System (Pavojingojo Objekto Avarijų Prevencijos Plano Parengimo ir Pavojingojo Objekto Saugos Valdymo Sistemos Formavimo Rekomendacijos).\textsuperscript{19}

13.2.2. Financial security provisions

The Regulations for the Prevention, Elimination and Investigation of Industrial Accidents do not contain any financial security provisions.

13.2.3. Financial security instruments and mechanisms accepted

Not applicable


\textsuperscript{19} Priešgaisrinės Apsaugos ir Gelbėjimo Departamento prie Vidaus Reikalų Ministerijos Direktorius Įsakymas dėl Pavojingojo Objekto Avarijų Prevencijos Plano Parengimo ir Pavojingojo Objekto Saugos Valdymo Sistemos Formavimo Rekomendacijų Patvirtinimo, 2017 m. gruodžio 6 d. Nr. 1-439, Vilnius; https://www.e-tar.lt/portal/lt/legalAct/d043b5d0e0aa11e7b3f0a470b0373cb2 (in Lithuanian)
13.2.4. **Templates**  
Not applicable

13.2.5. **Financial security instruments and mechanisms not acceptable**  
Not applicable

13.3. **Other legislation**

Article 12 of the Law on Waste Management requires operators that manage hazardous waste to have an insurance policy that provides cover for civil liabilities. Article 12 further provides that the licence for the management of hazardous waste shall be suspended if the operator does not have such an insurance policy.

Further, article 34 of the Law on Waste Management requires a person who manages waste oil to have a bank guarantee or insurance policy to cover the costs of processing the waste oil.

14. **Mandatory financial security for offshore oil and gas operations**

14.1. **Competent authority(ies)**


The Underground Law was amended in 2001.\(^ {21}\) A subsequent amendment entered into force on 1 October 2019.\(^ {22}\)

14.2. **Status of offshore oil and gas operations**

When this report was published, Lithuania did not have any commercial production of offshore oil and gas. The Geological Survey, however, has indicated that there are between 36 and 72 million cubic metres of oil in Lithuania’s offshore area in the Baltic Sea.\(^ {23}\)

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\(^{22}\) Lietuvos Respublikos Žemės Gelmių Įstatymo, 1995 m. liepos 5 d., Nr. I-1034, Pakeitimo Įstatymo, Reg. data: 2018-12-13, Reg. Nr.: XIIIP-1787(2), Vilnius, Projektas Nr. XIIIP-1787(2). Šis įstatymas įsigalioja 2019 m. spalio 1 d.; [https://e-seimas.lrs.lt/portal/legalAct/lt/TAP/3affc950fea911e89b04a534c5aa5f5ce?jfwid=12m1b13qis](https://e-seimas.lrs.lt/portal/legalAct/lt/TAP/3affc950fea911e89b04a534c5aa5f5ce?jfwid=12m1b13qis) (in Lithuanian)

\(^{23}\) See Bio by Deloitte and Stevens & Bolton LLP, ‘Civil liability, financial security and compensation claims for offshore oil and gas activities in the European Economic Area; Lithuania’ (31 October 2014), 383, 392;
One reason for the delay in commercial production is a dispute between Lithuania and Latvia on sovereignty over areas in the Baltic Sea exclusive economic zone.\(^{24}\)

**14.3. Requirements for financial security**

Article 17 of the Underground Law requires a successful tenderer for offshore oil and gas activities to have a guarantee from a financial institution to cover obligations in the permit. Article 22 of the Law on Concessions (Lietuvos Respublikos koncesijų įstatymas) provides that a concession contract should include any requirements concerning a guarantee of performance, any insurance policies that the competent authority may require and any obligations related to environmental protection.\(^{25}\)

Further, the production sharing agreement, which accompanies an exploration and production permit, should include financial security requirements.

**14.4. Requirement for financial security for ELD liabilities**

The legislation concerning licensing of offshore oil and gas operations does not include any requirement for financial security for ELD liabilities.

**15. Failure of financial security**

**15.1. Inadequate level of financial security instrument or mechanism to pay claims**

There are no reported cases of the failure of a financial security instrument due to its inadequate level.

**15.2. Insolvency of operator leading to failure of financial security instrument or mechanism**

There are no reported cases of the insolvency of an operator that has led to the failure of a financial security instrument.

**15.3. Other**

There are no public reports of other failures of voluntary or mandatory financial security in Lithuania.

**16. Funds**

Lithuania has not established a fund to prevent or remEDIATE environmental damage under the ELD

**16.1. Name(s)**

Not applicable

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\(^{24}\) See ibid 375, 381; see also ‘President: Latvia and Lithuania can agree on sea border treaty’, Baltic News Network (23 July 2019); [https://bnn-news.com/president-latvia-and-lithuania-can-agree-on-sea-border-treaty-203394](https://bnn-news.com/president-latvia-and-lithuania-can-agree-on-sea-border-treaty-203394)

16.2. **Extension of existing fund to cover remedial costs under the ELD**
Not applicable

16.3. **Purpose**
Not applicable

16.4. **Type**
Not applicable

16.5. **Source(s) of funding**
Not applicable

16.6. **Number and amount of claims**
Not applicable
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