ENVIRONMENTAL SERVICES

CLAIMSSolutions

Underestimated Emissions Data Submitted to Regulators

When a pollution release, spill or other incident occurs, you want to make sure you have the carrier with the most experienced environmental claims counsel and technical consultants handling your claim. XL's Environmental group has 25+ years of environmental expertise. Our environmental claims staff has experience responding to and remediating pollution incidents as well as expertise in managing environmental litigation and interacting with regulators.

The information contained herein is intended for informational purposes only. Insurance coverage in any particular case will depend upon the type of policy in effect, the terms, conditions and exclusions in any such policy, and the facts of each unique situation. No representation is made that any specific insurance coverage would apply in the circumstances outlined herein. Please refer to the individual policy forms for specific coverage details.

"XL Insurance" is the global brand used by XL Group plc's (NYSE: XL) insurance companies. Coverages underwritten by Greenwich Insurance Company, Indian Harbor Insurance Company, XL Insurance America, Inc., XL Specialty Insurance Company and XL Insurance Company Limited—Canadian Branch. Coverages not available in all jurisdictions

0-155-6_5/2010

THE CLAIM

An environmental consultant insured by XL was contracted to provide environmental permitting services for its client, a manufacturer of wood products. The insured's client planned to construct a batch plant facility and the insured was retained to assist in obtaining the required air permit. The permit was issued and construction of the batch plant was completed.

Approximately six years after the facility started operating, the regulatory agency alleged that the insured had underestimated methanol emissions from the batch plant, predicting 850 lbs/year, when the actual emissions were approximately 145,000 lbs/year. As a consequence of this error, the client was fined by the regulatory agency. The fine attributed to the insured's error was $162,000. The client sued the insured, demanding payment for its costs, including attorney fees.

THE RESPONSE

XL's environmental claims counsel retained local defense counsel to represent the insured to investigate the allegations made. A determination was made that our insured would have liability to the client in the amount of $150,000.

THE SOLUTION

The parties attended mediation and settled the claim for payment of $150,000 to the insured's former client under the insured's Professional and Contractor's Pollution Legal Liability Policy. An early settlement at mediation was able to prevent the insured's policy limits from being depleted by further defense costs and expenses.

For more information on how XL can help you manage your exposures, please contact your environmental underwriter or Sales & Marketing at:

800-327-1414

www.xlinsurance.com/environmental

XL INSURANCE