



Electronic Waste Recycling

Property, Casualty & Environmental
Insurance Solutions

How vulnerable are you?

THE SEVERITY OF A CLAIM caused by an electronic data destruction security breach, an environmental loss or a truck accident can be catastrophic for an Electronic Waste Recycling Company's bottom line. An effective way to reduce exposures is through a proactive risk management program that encompasses efforts to reduce exposures, plan for the unexpected and insure against unbudgeted costs.

In today's uncertain times, you may be concerned about the availability of insurance coverage and the financial stability of insurance carriers in general. XL Insurance can help by providing integrated risk management programs that include property, casualty and pollution coverages backed by the financial strength and stability that you require.

History has shown... Given the nature of their operations, Electronic Waste Recycling Companies face potential liabilities associated with environmental exposures. Claims for environmental losses are often denied under Commercial General Liability policies due to the absolute pollution exclusion.

EXPANDING INTO HAZARDOUS WASTE

To remain competitive, some Electronic Waste Recycling Companies are adding hazardous waste storage and/or treatment to their services, thereby creating additional exposures. XL Insurance's Environmental group has helped many owners/operators of hazardous waste facilities comply with insurance and certificate requirements.

Common exposures facing electronic waste recycling firms

PROPERTY & CASUALTY EXPOSURES

- Operation/ownership/maintenance of trucks/vehicles that can result in bodily injury/property damage
- Mobile equipment operations
- Negligence causing injury to third parties on-site

ELECTRONIC DATA DESTRUCTION SERVICES EXPOSURES

- Care, Custody and Control of a third party's personally identifiable information
- Theft which results in the unintentional disclosure of that information
- Employee misappropriation, misuse or mishandling of that information

ENVIRONMENTAL EXPOSURES

- Leaks, spills or ruptures of tanks or pipelines
- Foul odors
- Poor above or underground storage tank management programs
- Spills or leaks from loading/unloading of materials
- Spills or leaks from the storage and handling of material containers such as drums, totes or bags
- Poor on-site storage practices, i.e., improper storage of incompatible wastes
- Fire/explosion hazard from flammable materials and combustion process
- Presence of PCBs in electrical equipment
- Inadequate housekeeping practices within the facility
- "Temporary" storage of hazardous materials within trailers on-site
- Exposures associated with disposal of wastes at non-owned disposal sites
- Historical concerns including:
 - Incomplete or missing information of historical on-site activities
 - Past on-site disposal activities (e.g., old septic system, spills)

This list is intended only to outline some typical environmental exposures common to Electronic Waste Recycling Companies and is not all-encompassing.

CONSIDER THESE FACTS...

- 80.5% of all data breaches involve electronic records
2010 Data Beach Stats: Identity Theft Resource Center, Copyright 2010
- 400 million: the estimated number of electronic units that are discarded in the US each year.
- 24: the number of states that have adopted e-waste legislation banning the disposal of electronics in the waste stream.

The consequences can be enormous

If left unprotected from these exposures, electronic waste recycling firms could face:

- Cleanup costs
- Business interruption
- Third-party bodily injury and property damage claims
- Legal defense expense in lengthy litigation trials
- Loss of competitive edge and/or community image

Fortunately, there's integrated coverage you can count on from XL Insurance

Integrated environmental risk management® from the Environmental group of XL Insurance provides the unique advantage of a complete risk management program in one package. Insurance is combined with risk control programs specially designed for your industry as well as expert claims management to help minimize the impact of claims on your business operations.

BENEFITS OF ONE CARRIER FOR YOUR COMPLETE RISK TRANSFER PACKAGE

- Avoids confusion and potential gaps in coverage
- One underwriter to oversee your entire program ensures better service and consistency

Our Coverage

XL Insurance provides custom-tailored insurance programs that can include:

- Electronic Data Destruction Coverage
- Environmental Impairment (pollution) Coverage
- Contractor's Pollution Coverage
- Full array of property and casualty coverages:
 - Auto Liability and Physical Damage, including broadened auto pollution
 - General Liability
 - Umbrella Liability
 - Property & Equipment Breakdown
 - Worker's Compensation

Benefits of insurance

- Protects your bottom line with a superior form of risk transfer
- Provides financial stability for low-frequency, high severity pollution claims
- Pollution coverages can protect against the financial and operational losses including:
 - cleanup costs
 - third-party bodily injury and property damage claims
 - legal defense expense
- Assists in ease of property acquisition and divestiture
- Helps meet property loan & lease requirements

Risk Control

Risk control services are available as part of an integrated program, at no additional cost to the insured. Key programs for Electronic Waste Recycling Companies include:

- Mock OSHA inspections/audits
- Industrial hygiene services
- Environmental assessment services
- Spill response, loss prevention and health & safety training
- Emergency planning
- Hazardous material storage: audits, inventorying, review of practices
- Transportation safety services

Benefits of risk control

- Helps minimize losses and protect profitability through a variety of customized training, audits and services
- Helps identify, prioritize and address exposures
- Assists in achieving your annual training requirements
- Saves money because you don't have to hire outside consultants
- Increases employee morale, retention and productivity due to improved worker safety

Claims Management

Our staff of legal and environmental consultants and claims adjusters is just one call away, 24-hours a day, 365 days a year to help manage an incident and minimize the claim, achieving resolution so your business can carry on.

We've handled more than 10,000 environmental claims of varying complexity and size from small diesel spills and indoor air quality claims to complex Superfund sites and hazardous materials train derailments. Our capabilities extend beyond simple claims handling to encompass environmental project management, cost control, claims consulting and litigation support.

Benefits of claims management

- Provides expert legal advice to help limit financial and legal liabilities arising from environmental, health & safety incidents
- Controls emergency response and litigation costs
- Minimizes interruption of business activities
- Provides qualified negotiations with regulatory, federal, state and local agencies, and the media to present your company in a professional, responsive manner
- Reports and updates to keep you informed
- Helps minimize, through timely response, the extent of an incident, lowering impact to the environment and cleanup costs, as well as to your bottom line

Don't let it happen to you...

In the following case history, the exposures take a variety of forms. This example demonstrates just some of the many ways in which an Electronic Waste Recycling Company can incur liabilities and why it is important to be protected with a complete package of insurance.

All Burned Up

Vandals set fire to an unknown amount of cardboard that was located at a recycling facility. The fire burned for several days, sending clouds of smoke and toxic substances into the surrounding neighborhood. Residents of that neighborhood filed suit against the recycler, asserting claims for strict liability and negligence. The residents alleged that they were exposed to the hazardous and toxic substances. They sought damages for medical diagnosis, testing, and monitoring.

The Recycler tendered its defense to its commercial general liability (CGL) insurer. The policy contained a total pollution exclusion in its bodily injury and property damage liability coverage. The exclusion contained an exception which reinstated coverage if the bodily injury arose out of heat, smoke, or fumes from a hostile fire. The exclusion defined a "hostile fire" as one which becomes uncontrollable or breaks out from where it was intended to be. The exception did not apply, however, if that hostile fire occurred or originated at a site or location where the insured "handled, stored, disposed, processed or treated waste." The policy stated that waste included material to be recycled, reconditioned, or reclaimed. The policy also contained an absolute pollution exclusion in its personal injury and advertising liability coverage.

The commercial general liability (CGL) insurer filed a complaint for declaratory judgment arguing that no coverage existed. The trial court granted the carrier's motion for summary judgment, finding that while the



A fire can be devastating in its own right, but even worse is discovering you don't have the appropriate coverage in place.

underlying plaintiffs sufficiently alleged that they suffered bodily injury as defined in the policy, there was no coverage due to the policy's total pollution exclusion. The appellate court affirmed the judgment of the trial court. The issue for the court was whether, based on the allegations contained in the underlying plaintiffs' complaint, the exception to the total pollution exclusion applied, i.e., whether the complaint sufficiently alleged that the recycler was handling, storing, disposing, processing, or treating waste at its facility when the fire occurred. The trial court found that the total pollution exclusion barred coverage.

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.

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