

Liquid Recyclers

Protect your
business from
environmental
losses

XL Group
Insurance



Environmental



Common environmental exposures for Liquid Recyclers

Liquid recyclers – through their operations, premises' historical usage, material storage and disposal practices – face environmental exposures that can devastate a business:

- Leaking aboveground/underground storage tanks, pipelines and valves
- Breach/cracks in containment for aboveground storage tanks
- Spills/leaks/releases from loading/unloading of trucks, watercraft and rail cars on-site
- Unexpected wastewater release into sewer or body of water
- Contaminated stormwater runoff
- Air emissions/odors from operations
- Fire/explosion
- Upset and overturn of trucks
- Historical concerns including:
 - Chemical storage
 - Previous site use
 - On-site disposal areas
- Exposures associated with disposal of wastes at non-owned disposal sites

This list is only intended to outline some typical environmental exposures common to liquid recyclers and is not all-encompassing.

The consequences can be enormous

If left unprotected from these exposures, liquid recyclers 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

Expanding into hazardous waste

To remain competitive, some liquid recyclers are adding hazardous waste storage and/or treatment to their services. Not only does this create additional exposures, but regulations may require the facility to be covered by pollution liability insurance. XL's environmental team has helped many owners and operators of hazardous waste facilities to comply with insurance and certificate requirements.

Fortunately, there's integrated coverage you can count on

Integrated environmental risk management[®] from XL Group 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

Our insurance programs are custom-tailored, and can include:

- Environmental impairment (pollution)
- Full array of property and casualty coverages, including broadened auto pollution

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 liquid recyclers 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



The benefits of strong claims support

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
- Timely response minimizes the extent of an incident, lessening impact to the environment, lowering cleanup costs and protecting your bottom line

Integrated risk management from XL

The following case history illustrates how our environmental insurance products, risk control and claims management services are effectively addressing the risk management needs of liquid recyclers.

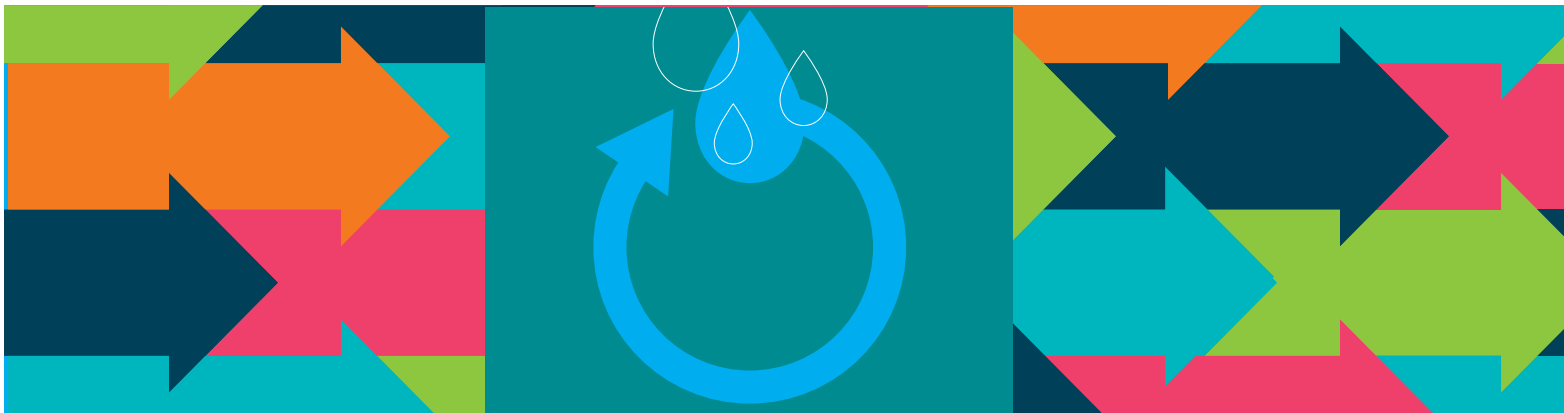
Used oil contamination

A large oil recycling facility store used oil in aboveground storage tanks. During a routine repair to one of the 500,000-gallon tanks, a spark ignited vapors from the used oil and caused an explosion. The oil escaped the containment area and fell on adjacent properties, causing property damage and business interruptions.

Our claims management staff immediately dispatched an environmental consultant to the site and assisted in retaining a local environmental remediation contractor. Claims staff also met with local government officials and the media to handle community relations. Throughout the cleanup project, our claims staff oversaw the remediation contractor's work and helped select the best soil remediation option.

XL provided the oil recycler with a Pollution and Remediation Legal Liability (PARLL) policy with a limit of \$1 million per loss/\$2 million aggregate and a self-insured retention of \$25,000. The policy provided coverage for the adjacent landowners' property damage and contamination cleanup including contracting and soil disposal costs, legal expenses and the business interruption costs of neighboring businesses.

Our risk control staff worked with the insured after the incident to develop standard safety procedures and employee training in hazardous materials awareness.



Don't let it happen to you...

Without the benefits of an *integrated environmental risk management*[®] program from XL, you could face losses like these and the resulting financial consequences:

Tank Overfill

While pumping used oil into an oil recycling facility's aboveground storage tank, an employee temporarily left the tank unattended. Because the tank's overfill protection was not functioning, the used oil spilled onto surrounding soils and into a nearby creek. The cost to remove the oil and remediate the soil exceeded \$100,000.

Underground Tank Leak

Because of complaints about petroleum odors in the basement of a house across the street from an oil recycler, an investigation was made into two old underground storage tanks holding gasoline at the facility. The investigation found that the tanks had corroded over time releasing gasoline to surrounding soils and underlying groundwater. The resident filed suit against the recycler for medical costs and property damage. In addition, the oil recycler was required to clean up a contaminated groundwater plume that migrated beyond the property boundaries. Total costs exceeded \$650,000.

Uncontrolled Air Emissions

Residents filed a lawsuit against a nearby oil recycling facility for foul odors, alleging loss of property value, loss of enjoyment and perceived bodily injury. Although the facility was found not liable, the investigation, laboratory and legal costs exceeded \$300,000. The oil recycler's general liability insurance carrier declined the claim based on their pollution exclusion. Learning a lesson, the oil recycling facility subsequently purchased pollution insurance coverage from XL.

Barge Spill

While unloading operations were performed off a barge at a large oil recycling facility, used oil spilled into a major river. The oil floated downstream, threatening water supplies and the operations of businesses located on the river. The oil recycler procured an emergency response contractor to contain the spill and a consultant to monitor the effects of the spill on river quality; the oil recycler also had to defend itself against claims from nearby businesses. Total fees and legal costs exceeded \$500,000.

Discharge Fouls Water Treatment Plant

Due to failure of an oil recycling facility's wastewater discharge monitoring equipment, a sudden surge of contaminants was sent to the local municipality-owned treatment plant. The sudden influx of contaminants overwhelmed the plant's treatment capabilities and forced it to shut down. The treatment plant filed suit against the oil recycling facility alleging damages of \$450,000 for treatment costs and lost business income.

The examples above are intended to illustrate the wide variety of environmental exposures faced by liquid recyclers and the many ways in which those exposures can arise. 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 above examples. Please refer to the individual policy forms for specific coverage details.



About XL Group

XL Group plc, through its subsidiaries, is a global insurance and reinsurance company providing property, casualty and specialty products to industrial, commercial and professional firms, insurance companies and other enterprises throughout the world.

Our insurance segment offers property, casualty, professional and specialty insurance products globally. Businesses that are moving the world forward choose us as their partner. To learn more, visit xlgroup.com/insurance

We are the organization clients look to for answers to their most complex risks and to help move their world forward. To learn more, visit xlgroup.com



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Coverages underwritten by the following XL Group plc insurance companies: 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.

Information accurate as of October, 2011.

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